TALKMED
GROUP

ANNUAL REPORT 2017

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

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

Mr Sitoh Yih Pin
(Independent Director)

Mr Dan Yock Hian
(Independent Director)

Mr Lim Jen Howe
(Non-Executive Director)

Mr Lim Teong Jin George
(Non-Executive Director)

AUDIT AND RISK COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

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

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

3 Mount Elizabeth
#13-16/17 Mount Elizabeth Hospital
Singapore 228510

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

SPONSOR

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

AUDITOR

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

Partner-in-charge: Tan Peck Yen (appointed since the financial year ended 31 December 2013)
Chartered Accountant,
a member of the Institute of Singapore Chartered Accountants

PRINCIPAL BANKER

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

CORPORATE PROFILE

TalkMed Group Limited ("**TalkMed**" or the "**Company**") was incorporated on 10 September 2013, and is the holding company of its direct wholly-owned subsidiaries, Singapore Cancer Centre Pte. Ltd. ("**SCC**"), TalkMed Vietnam Pte. Ltd. ("**TalkMed Vietnam**") and TalkMed China Pte. Ltd. ("**TalkMed China**"), a 57%-owned subsidiary, Stem Med Pte. Ltd. ("**Stem Med**") and a 30%-owned associated company, Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**") (collectively, the "**Group**").

ABOUT SCC

The Group has its origins in Haematology and Cancer Centre Pte. Ltd. ("**HCC**") which was founded by the present Chief Executive Officer ("**CEO**"), Dr Ang Peng Tiam in 1997. In 2006, HCC merged with a few other medical practices to form SCC, to provide multidisciplinary care and develop ancillary support services for cancer patients. SCC commenced operations in November 2006 and operates under the Parkway Cancer Centre ("**PCC**") brand name through a contractual arrangement between SCC and Parkway Hospitals Singapore Pte. Ltd. ("**PHS**").

SCC's principal activities are the provision of medical oncology services and stem cell transplant services.

Our doctors provide tertiary healthcare services in the fields of medical oncology, stem cell transplant and palliative care to the oncology patients in the private sector in Singapore through PCC. Clinical functions include attending to patients, examining and administering medical treatment to patients and performing minor outpatient surgical procedures, prescribing medicines and investigations such as laboratory tests or diagnostic procedures. These clinical functions also include the review of investigation results and follow-up care with the patient.

We currently have fourteen doctors operating at eight clinics in Gleneagles Hospital Singapore, Mount Elizabeth Hospital Singapore, Mount Elizabeth Medical Centre and Mount Elizabeth Novena Specialist Centre Singapore, which are operated by PHS. We have established ourselves as one of the market leaders in medical tourism in Singapore with foreign patients accounting for majority of our patient-load in the past few years.

ABOUT TALKMED VIETNAM

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

ABOUT TALKMED CHINA

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

In November 2017, TalkMed China entered into a collaboration with Beijing New Hope Hospital Management Co. Ltd. (**北京新远望医院管理有限公司**) for TalkMed China to offer management services for the "Singapore Cancer Centre" branded oncology services in China.

ABOUT STEM MED

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

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

CORPORATE PROFILE

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

ABOUT HKH

HKH is the controlling shareholder of Hong Kong Integrated Oncology Centre Limited ("**HKIOC**"), which has been operating an oncology centre that offers integrated cancer care across disciplines as well as a wide spectrum of screening, imaging/diagnostic and interventional services under the "Hong Kong Integrated Oncology Centre" and the "Hong Kong Integrated Imaging and Endoscopy Diagnostic Centre" brand names respectively, since May 2015. On 1 September 2016, HKIOC entered into a strategic collaboration with Hong Kong Adventist Hospital to offer seamless multi-disciplinary cancer services, simplifying patient flow that allows multidisciplinary specialists to provide both physical and psychological care, from diagnosis to treatment and rehabilitation. Following the collaboration, HKIOC now provides a comprehensive range of treatment (including surgery, radiotherapy and medication), diagnostic imaging and endoscopy services in Hong Kong.

TalkMed was listed on the Singapore Exchange – Catalist board on 30 January 2014.

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of TalkMed Group Limited (the "**Company**"), I am pleased to present our Annual Report for the financial year ended 31 December 2017 ("**FY2017**").

For FY2017, our revenue dropped S$7.55 million or 11.0% to S$61.36 million. The decrease in revenue was mainly due to a drop in the number of patient visits compared to FY2016. Revenue from our operations in Vietnam, which were carried out through our wholly-owned subsidiary, TalkMed Vietnam Pte. Ltd., retreated 39.3% to S$0.24 million. On a positive note, revenue from our 57%-owned subsidiary, Stem Med Pte. Ltd. ("**Stem Med**") for stem cell processing, culturing and storage services improved 319.9% to S$1.69 million. Our stake in Stem Med was reduced from 60% to 57% following the award of performance shares amounting to 5% of the enlarged share capital of Stem Med to a director of Stem Med in November 2017. With the lower stake in Stem Med, our effective holding of Stem Med's subsidiaries has been reduced correspondingly.

While the Group's associate company, HKH, continued to be loss-making in FY2017, our share of losses has almost halved from S$3.63 million for FY2016 to S$1.83 million for FY2017. We are encouraged with this operational and financial performance improvement and look forward to HKH emerging out of the gestation period into a profitable phase.

Corresponding to the lower revenue, the Group's profit after tax dropped S$5.68 million or 15.4% to S$31.2 million. Notwithstanding the lower profit, the Board has recommended a final dividend of 1.37 Singapore cents per share. Together with the interim dividend of 0.761 Singapore cents per share, total dividends for FY2017 constitute 87.4% of the net profit attributable to owners of the Company, which still exceeds the dividend policy of 75% payout that was set out in our IPO Offer Document dated 17 January 2014.

As announced in June 2017, following the inquiry conducted by the Disciplinary Tribunal of Singapore Medical Council ("**SMC**"), the Group's CEO, Dr Ang Peng Tiam ("**Dr Ang**"), was given an eight-month suspension which began on 25 July 2017. As much as we were disappointed with the verdict, our focus was to ensure that the medical needs of Dr Ang's patients were well taken care of. Our team of specialist doctors ensured the operations of the Group continued as usual and disruption to patients was minimised. During the period of his suspension, while Dr Ang was not involved in any patient care, as CEO, he continued to lead TalkMed in the Group's strategic growth. Notwithstanding the impact of Dr Ang's eight-month suspension on the Group's FY2017 revenue and earnings, the Group is operationally sound and has firm financial footing. We are confident that the suspension will not have a major long-term effect on the Group and with Dr Ang's resumption of his medical duties on 25 March 2018, we look forward to Dr Ang's contributions to the Group's revenue and earnings in 2018.

In 2017, the Group continued to explore growth opportunities. In September 2017, we incorporated a wholly-owned subsidiary, TalkMed China Pte. Ltd. ("**TalkMed China**") to explore healthcare-related collaborations in China. Subsequent to the incorporation of TalkMed China, TalkMed China incorporated TalkMed Chongqing Pte. Ltd., a 75%-owned subsidiary, with the aim of providing healthcare management services in Chongqing, China. Two months into its incorporation, TalkMed China entered into a collaboration with Beijing New Hope Hospital Management Co. Ltd. (**北京新远望医院管理有限公司**) for TalkMed China to offer management services for the "Singapore Cancer Centre" branded oncology services in China. This is in line with our plans to expand the Group's operations in the region and to capitalise on the potential demand for quality Singapore medical oncology services in the Chinese market.

On another front, Stem Med incorporated DrSG Cellular Wellness Pte. Ltd., a 60%-owned subsidiary, with A DrBrand Pte. Ltd. ("**ADB**") taking the remaining 40%. ADB is the brand owner of DrGL®, DrSpa® and DrHair®, and has over 28 years of experience and research in the areas of skin care and hair care. This subsidiary will serve as a vehicle to customise solutions using protein-rich derivatives for skin care and hair rejuvenation. This partnership combines the expertise of both Stem Med and ADB in the fields of stem cell technology and aesthetics respectively, in order to research and produce highly-effective products and technologically-advanced treatments for hair rejuvenation and customised skin care for the global beauty market.

MESSAGE TO SHAREHOLDERS

Crossing into the year, the local and global economies are looking more upbeat. Economies of Singapore and neighbouring countries are expected to continue to expand. Ageing demographic trend will continue to support the demand for specialist medical oncology and haematology healthcare services. Given these trends, we are optimistic about the outlook for the Group's prospects in relation to its core oncology services as well as other new services that the Group has ventured into.

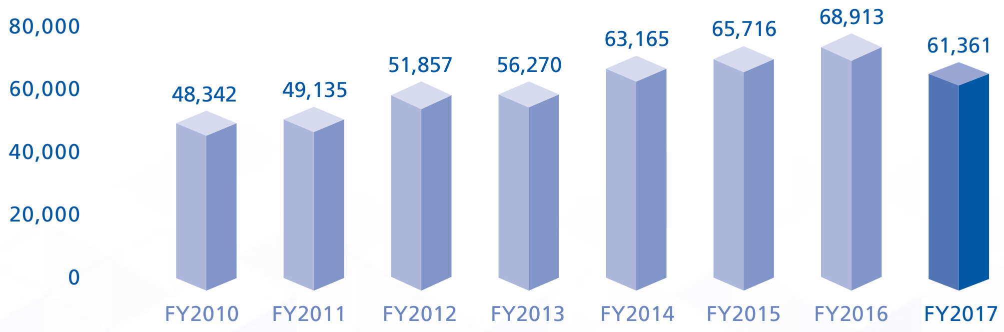
We will be publishing our first annual sustainability report, for FY2017, separately in the later part of 2018. An electronic copy of the sustainability report will be made available on our corporate website and SGXNet. Going forward, all matters on sustainability and corporate social responsibility (including, amongst others, the charities and community activities that TalkMed sponsors and supports) will now be covered in our sustainability report.

On behalf of the Board, I would like to thank the Group's management team, staff and business associates for achieving the progress in 2017. I have confidence that the management team will continue to work hard to expand TalkMed and bring the Group to more new markets.

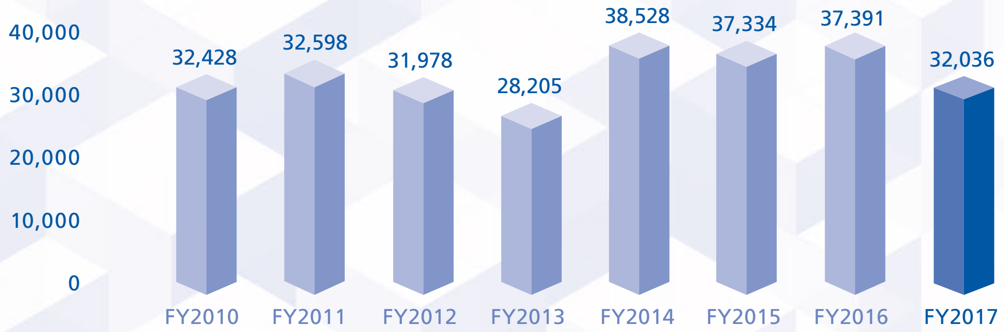
Mr S. Chandra Das
Chairman

FINANCIAL & OPERATIONS HIGHLIGHTS

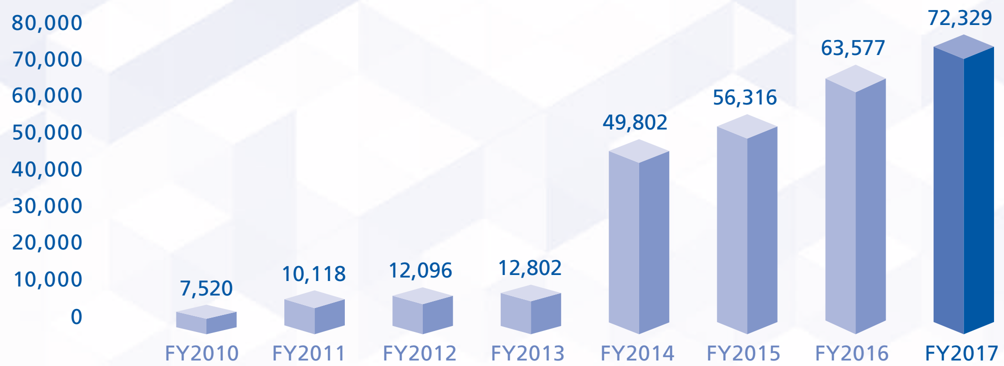
REVENUE (S$'000)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S$'000)



TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS (S$'000)



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

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

BOARD OF DIRECTORS

MR S. CHANDRA DAS, 78

Non-Executive Chairman and Independent Director

Mr S. Chandra Das joined the board as Non-Executive Chairman and Independent Director on 23 December 2013, and was last re-appointed as a director on 28 April 2016. He is also the Chairman of both our Remuneration and Nominating Committees. He is currently the Managing Director of NUR Investment & Trading Pte Ltd. He is the Deputy Chairman of Yeo Hiap Seng Limited and was an independent director of Super Group Ltd. Currently, he is Singapore's Non-Resident High Commissioner to Sri Lanka and Pro-Chancellor at Nanyang Technological University (NTU).

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

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

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

DR ANG PENG TIAM, 59

Executive Director and Chief Executive Officer (CEO)

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

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

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

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

BOARD OF DIRECTORS

DR KHOO KEI SIONG, 56

Executive Director and Chief Operating Officer (COO)

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

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

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

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

MR SITOH YIH PIN, 54

Independent Director

Mr Sitoh was first appointed to our Board as an Independent Director of the Company on 23 December 2013, and was last re-appointed as a director on 27 April 2015. He serves as Chairman of the Audit and Risk Committee and is also a member of the Remuneration Committee. Mr Sitoh does not hold any shares in the Company or any of its subsidiaries.

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

Mr Sitoh was also the director of several publicly listed companies in the preceding 3 years including Allied Technologies Limited, Lian Beng Group Ltd, and United Food Holdings Limited.

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

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

BOARD OF DIRECTORS

MR DAN YOCK HIAN, 51

Independent Director

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

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

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

MR LIM JEN HOWE, 64

Non-Executive Director

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

Mr Lim has more than 35 years of experience in finance and accounting. He has been a practising Public Accountant for more than 29 years and is a founding partner of Thong & Lim, Chartered Accountants of Singapore.

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

Mr Lim is also an independent director of ABR Holdings Limited.

BOARD OF DIRECTORS

MR LIM TEONG JIN GEORGE, 62

Non-Executive Director

Mr George Lim is our Non-Executive Director and was first appointed to our Board on 23 December 2013, and was last re-appointed as a director on 28 April 2016. He is a member of the Remuneration Committee. Mr Lim is a Senior Counsel, and was President of the Law Society between 1998 and 1999. He is currently a Consultant with Wee Tay & Lim LLP.

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

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

In January 2017, Mr Lim was appointed Chairman of the Singapore International Mediation Centre. He is the co-editor of *Mediation in Singapore: A Practical Guide*. In 2017, Mr Lim was identified by *The International Who's Who of Commercial Mediation* as being among 381 of the world's leading commercial mediators and was named a global thought leader in mediation.

KEY MANAGEMENT/EXECUTIVE OFFICERS

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

MR LEE BOON YONG

Chief Financial Officer (CFO)

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

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

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

CORPORATE GOVERNANCE REPORT

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

This report describes the Group's ongoing efforts in the financial year ended 31 December 2017 ("**FY2017**") in keeping pace with the evolving corporate governance practices and complying with the Code of Corporate Governance 2012 (the "**Code**"). The Board confirms that the Company has adhered to the principles and guidelines as set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

A. BOARD MATTERS

Principle 1 – The Board's Conduct of its Affairs

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

The Board recognises that its principal duties include:

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

The number of meetings of the Board and Board Committees held during FY2017 and the attendance of each Director at those meetings are set out as follows:

Name of Directors	Board		ARC		NC		RC	
	No. of meeting		No. of meeting		No. of meeting		No. of meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr S. Chandra Das	5	5	–	–	1	1	1	1
Dr Ang Peng Tiam	5	5	–	–	1	1	–	–
Dr Khoo Kei Siong	5	5	–	–	–	–	–	–
Mr Sitoh Yih Pin	5	5	4	4	–	–	1	1
Mr Dan Yock Hian	5	5	4	4	1	1	–	–
Mr Lim Jen Howe	5	5	4	4	–	–	–	–
Mr Lim Teong Jin George	5	4	–	–	–	–	1	–

CORPORATE GOVERNANCE REPORT

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

Principle 2 – Board Composition and Guidance

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

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

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

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

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

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

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

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

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

Principle 3 – Chairman and CEO

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

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

The Chairman:

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

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

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

Principle 4 – Board Membership

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

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

The NC will meet at least once a year and one (1) NC Meeting was held in FY2017. The NC, which has written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments (including alternate Directors, if applicable). The key terms of reference of the NC include the following:

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

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

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

Pursuant to the Company's Constitution, one-third of the Directors shall retire from office and be re-elected at least once every 3 years at each AGM. Mr S. Chandra Das, Mr Sitoh Yih Pin and Mr Lim Teong Jin George, will be retiring and seeking re-election at the forthcoming AGM in accordance with Article 91 of the Company's Constitution.

In making the recommendations, the NC considers the overall contribution and performance of the Directors. Mr S. Chandra Das, being the Chairman of the NC, had abstained from deliberation in respect of his own nomination and assessment.

CORPORATE GOVERNANCE REPORT

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

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

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

Principle 5 – Board Performance

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

Board performance criteria

The performance criteria for the board evaluation are as follows:

- board size and composition;
- board independence;
- board processes;
- board information and accountability;
- board performance in relation to discharging its principal functions; and
- board committees' performance in relation to discharging their responsibilities set out in their respective terms of reference.

Individual Director's performance criteria

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

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

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

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

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

Principle 6 – Access to Information

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

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

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

B. REMUNERATION MATTERS

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Principle 9 – Disclosure on Remuneration

The Company only identified four (4) key Management personnel who are not Directors or the CEO of the Company, based on the Group's current organisational and reporting structure, instead of five (5) as required by the Code. Details of the remuneration of Directors and the four (4) key Management personnel of the Group for FY2017 are set out below:

Names	Band(1)	Fees	Salary(2)	Bonus(2)	Share-based payments	Total
Directors						
Mr S. Chandra Das	1	100%	–	–	–	100%
Dr Ang Peng Tiam (CEO)	3	–	100%	–	–	100%
Dr Khoo Kei Siong (COO)	2	–	100%	–	–	100%
Mr Sitoh Yih Pin	1	100%	–	–	–	100%
Mr Dan Yock Hian	1	100%	–	–	–	100%
Mr Lim Jen Howe	1	100%	–	–	–	100%
Mr Lim Teong Jin George	1	100%	–	–	–	100%
4 key Management personnel						
Mr Lee Boon Yong (CFO)	2	–	74%	26%	–	100%
Dr Teo Cheng Peng	2	–	100%	–	–	100%
Dr Lim Hong Liang	2	–	100%	–	–	100%
Dr Lim Zi-Yi	3	–	17%	72%	11%	100%

Notes:

(1) Band 1 means remuneration of S$250,000 and below per annum
Band 2 means remuneration of between S$250,001 and S$500,000 per annum
Band 3 means remuneration of S$500,001 per annum and above

(2) Salaries and bonuses include employer's contributions to the Central Provident Fund ("**CPF**")

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

In aggregate, the total remuneration (including CPF contributions thereon and bonuses) paid to the four key Management personnel for FY2017 is approximately S$2.55 million.

There was no employee of the Group who was an immediate family member of a Director, the Chairman, or the CEO whose remuneration exceeded S$50,000 for FY2017.

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

CORPORATE GOVERNANCE REPORT

The Company has granted and awarded options (the "**Options**") and performance shares (the "**Awards**") under the ESOS and the PSP respectively to the employees of the Group on 11 May 2017, as announced by the Company on the same date.

The number of options granted under the ESOS was 3,800,000, accounting for 0.29% of issued shares on the date of grant. The exercise price of the Options were fixed at a 20% discount to the volume-weighted average price of the Company's shares from 27 March 2017 to 9 May 2017 and the exercise price of the Options granted was S$0.6546 per share option (market price S$0.850).

The number of shares awarded under the PSP was 512,335, accounting for 0.04% of issued shares on the date of award. The market price of each share on the date of award is S$0.850. The Awards will be progressively settled by the physical delivery of the ordinary shares of the Company from 11 May 2019 to 11 May 2021.

There were no Options or Awards granted to Directors and controlling shareholders (and their associates) of the Group during FY2017.

Further details on the Options and Awards granted under the ESOS and the PSP during FY2017 can be found in the Directors' Statement and Note 7 to the financial statements.

C. ACCOUNTABILTY AND AUDIT

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

Principle 10 – Accountability

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

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

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

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

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

Principle 11 – Risk Management and Internal Controls

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

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

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

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

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

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

The Board notes that no cost effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, the statutory audit conducted by the external auditors, and reviews performed by the Management, various Board Committees and the Board so far, the ARC and the Board are of the opinion that the Group's internal control system is effective and adequate to address the financial, operational, compliance and information technology risks, based on the internal controls established and maintained by the Group and reports from the internal auditors and external auditors on the financial statements and management letter. This is in turn supported by the assurance from the CEO and the CFO that: (a) the financial records of the Group have been properly maintained and the consolidated financial statements for FY2017 give a true and fair view of the Company's operations and finances; and (b) an effective risk management and internal controls system has been put in place.

Principle 12 – Audit and Risk Committee

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

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

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

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

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

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

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

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

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

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

The ARC also reviews the independence and objectivity of the external auditors and has reviewed the scope and value of non-audit services provided to the Group by the external auditors, Ernst & Young LLP ("**EY**"). The aggregate amount of audit and non-audit fees paid or payable to EY for FY2017 are as disclosed in Note 8 to the financial statements. The ARC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of EY. The ARC has recommended to the Board the nomination of EY for re-appointment as auditors of the Company at the forthcoming AGM. The Group has also complied with Rules 712 and 715(1) of the Catalist Rules of SGX-ST in relation to the appointment of its external auditors.

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

Whistle-Blowing Policy

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

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

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

Principle 13 – Internal Audit

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

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

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

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

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

D. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

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

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

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

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

The Group strongly encourages shareholders' participation at the AGM. Shareholders are able to proactively engage the Board and Management on the Group's business activities, financial performance and other business-related matters through dialogue sessions. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key Management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNet and published in local newspapers, as well as posted on the Company's website.

CORPORATE GOVERNANCE REPORT

The Company communicates with shareholders and the investing community through the timely release of announcements to the SGX-ST via SGXNet. During FY2017, quarterly and full yearly financial results of the Company and the Group were released within 45 days from the respective quarter ended and 60 days from the financial year ended respectively. In addition, this annual report is distributed to shareholders at least 14 days before the AGM which is scheduled to be held on 24 April 2018.

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

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

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

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

The Company has adopted a dividend policy that it believes appropriately reflects its goals, strategy and risk profile while providing attractive long-term return to investors. The Board is recommending 1.370 Singapore cents per ordinary share for FY2017 as the final one-tier tax-exempt dividend payable to the shareholders, subject to the approval of shareholders at the forthcoming AGM. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

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

OTHER CORPORATE GOVERNANCE MATTERS

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

CORPORATE GOVERNANCE REPORT

DEALINGS IN SECURITIES

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

The Company has adopted an internal securities code of compliance to provide guidance to the Directors and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules. During FY2017, the Company issues quarterly circulars to its Directors, officers and employees on the prohibition of dealing in its shares during the two weeks before the announcement of the Company's quarterly financial results and one month before the full year financial results till the day of such announcements. Directors and employees are also advised against dealing in the Company's securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. In addition, the Company discourages the Directors and employees from dealing in the Company's securities on short-term considerations. The Group confirmed that it has adhered to its internal securities code of compliance for FY2017.

INTERESTED PERSON TRANSACTIONS

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

Details of the IPTs for FY2017 as required pursuant to Rule 907 of the Catalist Rules of SGX-ST:

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Dr Ang Peng Tiam	202	N.A.
P.T. Ang Medical Services Pte Ltd	873	N.A
StemCord Pte Ltd[1]	522	N.A.

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

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the ARC and the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company did not enter into any IPTs which require an immediate announcement or shareholders' approval under the Catalist Rules of SGX-ST regulating IPTs for FY2017.

MATERIAL CONTRACTS

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

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

NON-SPONSOR FEES

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

In compliance with Rule 1204 (21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, Hong Leong Finance Limited, during FY2017.

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

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

As at the date of this report, the IPO proceeds have been utilised as follows:

Use of IPO proceeds	Amount allocated as set out in the Offer Document S$'000	Amount utilised S$'000	Amount unutilised S$'000
Expanding repertoire of talent pool/healthcare services	10,381	8,804[(1)]	1,577
Overseas expansion/improving quality of medical services	6,920	6,920[(2)]	–
	17,301	15,724	1,577

Notes:

(1) Comprised investments in Stem Med and Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**") of S$4.20 million (of which S$2.40 million was given as a loan) and S$4.60 million[(2)] respectively.

(2) Total investment in HKH by the Company amounted to S$11.52 million.

CODE OF CONDUCT & PRACTICES

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

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of TalkMed Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

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

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

Name of director	Direct Interest No. of ordinary shares		Deemed Interest No. of ordinary shares	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Dr Ang Peng Tiam	–	–	429,456,000	858,912,000
Dr Khoo Kei Siong	49,680,000	99,360,000	–	–

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

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2018.

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

Share options and performance shares

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

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

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

Details of all the share options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 December 2017 are as follows:

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

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

DIRECTORS' STATEMENT

Details of the performance shares of the Company which will be settled by the physical delivery of the ordinary shares of the Company as at 31 December 2017 are as follows:

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

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

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

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

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

Audit and Risk Committee

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

Auditor

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

On behalf of the board of directors,

Dr Ang Peng Tiam
Director

Dr Khoo Kei Siong
Director

Singapore
28 March 2018

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TalkMed Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the statements of financial position of the Group and the Company as at 31 December 2017, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

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

Key audit matters (cont'd)

Revenue – Consultancy Fees

As disclosed in Note 2.17(a) and Note 4 to the financial statements, the Group provides specialist doctors and clinical staff to Parkway Cancer Centre ("**PCC**"), a division of Parkway Hospitals Singapore Pte. Ltd., for the provision of specialist medical oncology services ("**consultancy services**"). 71% of the Group's revenue comprises consultancy services revenue derived from PCC.

Revenue from the provision of such consultancy services to PCC is recognised when the services are rendered and is computed based on the financial results of PCC in accordance with the terms and conditions of the Consultancy Restatement Agreement.

The reported PCC's revenue and profit form the basis of the Group's consultancy revenue to be charged to PCC. Revenue recognition has been identified as a risk of material misstatement, particularly the high volume of transactions creates a risk that systematic errors or alteration of pricing could lead to an error in the reported PCC's revenue and hence the Group's revenue recognised.

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

Other information

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
28 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 S$'000	Group 2016 S$'000
Revenue	4	**61,361**	68,913
Other items of income			
Interest income		**763**	733
Other income	5	**120**	175
Other items of expense			
Employee benefits expense	6	**(16,160)**	(16,859)
Cost of share-based payments to employees	7	**(484)**	–
Operating lease expense		**(1,693)**	(1,506)
Other operating expenses		**(3,541)**	(2,336)
Share of results of associate		**(1,828)**	(3,632)
Profit before tax	8	**38,538**	45,488
Income tax expense	9	**(7,341)**	(8,607)
Profit for the year		**31,197**	36,881
Profit/(loss) attributable to:			
Owners of the Company		**32,036**	37,391
Non-controlling interests		**(839)**	(510)
		31,197	36,881
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	**2.44**	2.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 S$'000	Group 2016 S$'000
Profit for the year		**31,197**	36,881
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**(632)**	–
Share of other reserve of associate		**1,997**	–
Other comprehensive income for the year, net of tax		**1,365**	–
Total comprehensive income for the year		**32,562**	36,881
Attributable to:			
Owners of the Company		**33,401**	37,391
Non-controlling interests		**(839)**	(510)
Total comprehensive income for the year		**32,562**	36,881

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
Assets					
Non-current assets					
Plant and equipment	11	**674**	511	**–**	–
Investment in subsidiaries	12	**–**	–	**5,003**	4,113
Investment in associate	13	**4,541**	5,004	**11,524**	11,524
Loan to a subsidiary	14	**–**	–	**1,905**	–
Prepaid operating expenses		**9**	14	**–**	–
		5,224	5,529	**18,432**	15,637
Current assets					
Inventories		**167**	63	**–**	–
Prepaid operating expenses		**273**	178	**13**	16
Trade and other receivables	14	**8,641**	6,691	**15,041**	15,018
Cash and short-term deposits	15	**71,051**	63,996	**9,771**	7,741
		80,132	70,928	**24,825**	22,775
Total assets		**85,356**	76,457	**43,257**	38,412
Equity and liabilities					
Current liabilities					
Trade and other payables	16	**1,581**	1,735	**29**	3
Other liabilities	17	**2,596**	2,018	**139**	160
Income tax payable		**7,326**	8,571	**23**	19
		11,503	12,324	**191**	182
Net current assets		**68,629**	58,604	**24,634**	22,593
Non-current liabilities					
Other liabilities	17	**73**	28	**–**	–
Loan from non-controlling shareholder to a subsidiary	16	**1,270**	–	**–**	–
		1,343	28	**–**	–
Total liabilities		**12,846**	12,352	**191**	182
Net assets		**72,510**	64,105	**43,066**	38,230

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
Equity attributable to owners of the Company					
Share capital	18	**22,273**	22,273	**22,273**	22,273
Merger reserve	19	**(2,311)**	(2,311)	**–**	–
Share-based payments reserve	20	**346**	–	**346**	–
Other reserve	21	**2,006**	–	**–**	–
Foreign currency translation reserve	22	**(632)**	–	**–**	–
Retained earnings		**50,647**	43,615	**20,447**	15,957
		72,329	63,577	**43,066**	38,230
Non-controlling interests		**181**	528	**–**	–
Total equity		**72,510**	64,105	**43,066**	38,230
Total equity and liabilities		**85,356**	76,457	**43,257**	38,412

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Attributable to owners of the Company				
	Share capital (Note 18) S$'000	Retained earnings S$'000	Merger reserve (Note 19) S$'000	Non-controlling interests S$'000	Total equity S$'000
Group					
Opening balance at 1 January 2016	22,273	36,354	(2,311)	1,038	57,354
Profit for the year, representing total comprehensive income for the year	–	37,391	–	(510)	36,881
Contributions by and distributions to owners					
Dividends on ordinary shares (Note 28)	–	(30,130)	–	–	(30,130)
Closing balance at 31 December 2016	22,273	43,615	(2,311)	528	64,105

	Attributable to owners of the Company			
	Share capital (Note 18) S$'000	Retained earnings S$'000	Share-based payments reserve (Note 20) S$'000	Total equity S$'000
Company				
Opening balance at 1 January 2017	**22,273**	**15,957**	**–**	**38,230**
Profit for the year, representing total comprehensive income for the year	**–**	**29,494**	**–**	**29,494**
Contributions by and distributions to owners				
Dividends on ordinary shares (Note 28)	**–**	**(25,004)**	**–**	**(25,004)**
Share-based payments	**–**	**–**	**346**	**346**
Closing balance at 31 December 2017	**22,273**	**20,447**	**346**	**43,066**
Opening balance at 1 January 2016	22,273	16,501	–	38,774
Profit for the year, representing total comprehensive income for the year	–	29,586	–	29,586
Contributions by and distributions to owners				
Dividends on ordinary shares (Note 28)	–	(30,130)	–	(30,130)
Closing balance at 31 December 2016	22,273	15,957	–	38,230

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group 2017 S$'000	Group 2016 S$'000
Operating activities			
Profit before tax		**38,538**	45,488
Adjustments for:			
Depreciation of plant and equipment	11	**366**	266
Cost of share-based payments	7	**484**	–
Finance costs on unwinding of discount adjustment of loan to subsidiary	16	**33**	–
Interest income		**(763)**	(733)
Share of results of associate		**1,828**	3,632
Total adjustments		**1,948**	3,165
Operating cash flows before changes in working capital		**40,486**	48,653
Changes in working capital			
Increase in inventories		**(104)**	(63)
Increase in prepaid operating expenses		**(90)**	(74)
(Increase)/decrease in trade and other receivables		**(1,996)**	3,064
(Decrease)/increase in trade and other payables		**(154)**	222
Increase in other liabilities		**623**	731
Total changes in working capital		**(1,721)**	3,880
Cash flows from operations		**38,765**	52,533
Interest received		**809**	624
Income tax paid		**(8,586)**	(8,339)
Net cash flows from operating activities		**30,988**	44,818
Investing activities			
Purchase of plant and equipment	11	**(529)**	(254)
Net cash flows used in investing activities		**(529)**	(254)
Financing activities			
Dividends paid on ordinary shares	28	**(25,004)**	(30,130)
Loan from non-controlling shareholder to a subsidiary	16	**1,600**	–
Net cash flows used in financing activities		**(23,404)**	(30,130)
Net increase in cash and cash equivalents		**7,055**	14,434
Cash and cash equivalents at 1 January		**63,996**	49,562
Cash and cash equivalents at 31 December	15	**71,051**	63,996

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1. CORPORATE INFORMATION

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

The registered office of the Company is at 101 Thomson Road, #09-02 United Square, Singapore 307591 and the principal place of business of the Group is at 3 Mount Elizabeth, #13-16/17 Mount Elizabeth Hospital, Singapore 228510.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

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

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

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("**SFRS(I)**"), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 January 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Other than the adoption of the new standards that are effective on 1 January 2018, the Group expects that the adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting the new standards that are effective on 1 January 2018 will be similar to that as disclosed in Note 2.3.

2.2 *Changes in accounting policies*

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 new and revised standards which are effective for annual financial periods beginning on or after 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Improvements to FRSs (December 2016)	
– Amendments to FRS 28: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
– Amendments to FRS 101: First Time Adoption of Financial Reporting Standards	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 40: Transfers of Investment Property	1 January 2018
Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019
FRS 116 Leases	1 January 2019
Amendments to FRS 109: Prepayment Features with Negative Compensation	1 January 2019
Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019
Improvements to FRSs (March 2018)	
– Amendments to FRS 103: Business Combinations	1 January 2019
– Amendments to FRS 111: Joint Arrangements	1 January 2019
– Amendments to FRS 12: Income Taxes	1 January 2019
– Amendments to FRS 23: Borrowing Costs	1 January 2019
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 January 2018. Upon adoption of SFRS(I) on 1 January 2018, the SFRS(I) equivalent of the above standards that are effective on 1 January 2018 will be adopted at the same time.

The nature of the impending changes in accounting policy on adoption of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, amongst other standards above, are described below. Except for SFRS(I) 16, the directors expect that the adoption of the standards that have been issued but not yet effective will have no material impact on the financial statements in the period of initial application.

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

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

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary impact assessment of adopting SFRS(I) 15 based on currently available information. The Group is primarily engaged in the business of provision of oncology services and stem cell related services. Based on the preliminary impact assessment performed, the Group does not have contracts which are subject to variable consideration, rights of return or warranties. Accordingly, the Group does not expect any significant impact to arise from adoption of the new revenue standard.

This assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 15 in 2018.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group and the Company plan to adopt the new standard on the required effective date without restating prior periods' information and will recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group and the Company have performed a preliminary impact assessment of adopting SFRS(I) 9 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group and the Company adopt SFRS(I) 9 in 2018.

(a) *Classification and measurement*

Debt instruments of the Group and the Company are expected to give rise to cash flows representing solely payments of principal and interest. The carrying amount of the loans and receivables of the Group and the Company is disclosed in Note 14. The Group and the Company intend to hold these loans and receivables to collect contractual cash flows, and accordingly expect to measure these loans and receivables at amortised cost when it applies SFRS(I) 9. The Group and the Company do not expect any significant impact to arise from these changes.

(b) *Impairment*

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its debt securities, loans, trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Group and the Company expect to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group and the Company do not expect any significant impact to arise from the application of the expected credit loss model due to low historical default rate.

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

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

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of SFRS(I) 16 and expects that the adoption of SFRS(I) 16 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying SFRS(I) 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to SFRS(I) 16 and assessing the possible impact of adoption.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

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

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

(a) *Basis of consolidation (cont'd)*

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

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

(b) *Business combinations*

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

Pursuant to this,

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

2.5 *Transactions with non-controlling interests*

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

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

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

2.6 *Foreign currency*

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

(a) *Transactions and balances*

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

(b) *Consolidated financial statements*

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

2.7 *Plant and equipment*

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

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

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

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

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

2.7 *Plant and equipment (cont'd)*

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

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

2.8 *Impairment of non-financial assets*

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

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

Impairment losses are recognised in profit or loss.

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

2.9 *Subsidiaries*

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

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

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

2.10 *Associates*

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

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

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

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

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

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

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

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

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

2.11 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

De-recognition

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

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

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

2.11 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

De-recognition

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

2.12 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

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

2.13 *Cash and cash equivalents*

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

2.14 *Inventories*

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

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

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

2.15 *Employee benefits*

Defined contribution plans

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

Equity-settled compensation plans

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

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

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

2.16 *Leases – as lessee*

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

2.17 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Consultancy services*

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

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

(b) *Management fees*

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

(c) *Stem cell processing and culturing services*

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

(d) *Storage fees*

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

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

2.18 *Government grants*

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

2.19 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

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

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

2.19 *Taxes (cont'd)*

(b) *Deferred tax (cont'd)*

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

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

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

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

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

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

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

(c) *Sales tax*

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

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

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

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

2.20 *Share capital and share issue expenses*

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 *Judgements made in applying accounting policies*

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

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

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

3.2 *Key sources of estimation uncertainty*

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

4. REVENUE

	Group	
	2017	**2016**
	S$'000	**S$'000**
Consultancy services	**43,761**	50,949
Management fees	**15,912**	17,562
Stem cell processing, culturing and storage services	**1,688**	402
	61,361	68,913

5. OTHER INCOME

	Group	
	2017	2016
	S$'000	S$'000
Government-paid childcare and maternity leave	**48**	22
Grant income from Temporary Employment Credit scheme	**39**	48
Grant income from Wage Credit Scheme	**23**	78
Grant income from Special Employment Credit scheme	**10**	10
Grant income from Capability Development Grant	**–**	17
	120	175

6. EMPLOYEE BENEFITS EXPENSE

	Group	
	2017	2016
	S$'000	S$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**14,912**	15,739
Central Provident Fund contributions	**895**	863
Other short-term benefits	**353**	257
	16,160	16,859

7. COST OF SHARE-BASED PAYMENTS TO EMPLOYEES

	Group	
	2017	2016
	S$'000	S$'000
Cost of share-based payments in relation to:		
– Employee Share Option Scheme ("**ESOS**") and Performance Share Plan ("**PSP**")	**346**	–
– Performance shares awarded to a director of the subsidiary	**138**	–
	484	–

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

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

Employee Share Option Scheme

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

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

Movement of share options during the financial year

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

	2017	
	No.	**WAEP (S$)**
Outstanding at 1 January 2017	**–**	**–**
– Granted on 11 May 2017	**3,800,000**	**0.6546**
Outstanding at 31 December 2017	**3,800,000**	**0.6546**
Exercisable at 31 December 2017	**–**	**–**

– The weighted average fair value of share options granted during the financial year was S$0.2570.

– There were no share options exercised during the financial year.

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

Fair value of share options granted

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

The following table lists the inputs to the binomial option pricing model for the year ended 31 December 2017:

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

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

Employee Share Option Scheme (cont'd)

Fair value of share options granted (cont'd)

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

Performance Share Plan

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

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

Movement of performance shares during the financial year

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

	2017 No.
Outstanding at 1 January 2017	–
– Granted on 11 May 2017	512,335
Outstanding at 31 December 2017	512,335

– The weighted average fair value of performance shares granted during the financial year was S$0.7395.

– The weighted average remaining contractual life for these performance shares is 2.1 years.

Fair value of performance shares granted

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

The following table lists the inputs to the performance share valuation model for the year ended 31 December 2017:

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

8. PROFIT BEFORE TAX

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

	Note	Group 2017 S$'000	Group 2016 S$'000
Audit fee:			
– Auditor of the Company		**123**	116
Non-audit fees:			
– Auditor of the Company		**22**	17
– Other auditors		**6**	–
Employee benefits expense	6	**16,160**	16,859
Depreciation of plant and equipment	11	**366**	266

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	Group 2017 S$'000	Group 2016 S$'000
Current income tax:		
– Current income taxation	**7,347**	8,590
– (Over)/under provision in respect of prior years	**(6)**	17
Income tax expense recognised in profit or loss	**7,341**	8,607

9. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and profit before tax

Reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 is as follows:

	Group	
	2017	**2016**
	S$'000	**S$'000**
Profit before tax	**38,538**	45,488
Tax at the domestic tax rate of 17%	**6,551**	7,733
Tax effect of:		
Non-deductible expenses	**305**	304
Income not subject to tax	**(25)**	(9)
Effect of partial tax exemption and tax relief	**(93)**	(128)
Deferred tax assets not recognised	**274**	45
(Over)/under provision in respect of prior years	**(6)**	17
Share of results of associate	**311**	618
Withholding tax	**21**	27
Others	**3**	–
Income tax expense recognised in profit or loss	**7,341**	8,607

Tax consequence of proposed dividends

There are no income tax consequence (2016: S$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S$2,954,000 (2016: S$1,344,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. These tax losses have no expiry date.

10. EARNINGS PER SHARE

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

	Group	
	2017	**2016**
	$'000	**$'000**
Profit for the year attributable to owners of the Company	**32,036**	37,391

	No. of shares	**No. of shares (Restated*)**
Weighted average number of ordinary shares outstanding for basic earnings per share computation	**1,314,286,000**	1,314,286,000
Effect of dilution:		
– Contingently issuable performance shares	**329,860**	–
Weighted average number of ordinary shares outstanding for diluted earnings per share computation	**1,314,615,860**	1,314,286,000

* Pursuant to the bonus shares issue on 9 May 2017 (the "**Bonus Shares**"), the aggregate number of the Company's issued shares increased from 657,143,000 to 1,314,286,000. As a result, the number of ordinary shares used in the computation of earnings per share calculations has been adjusted retrospectively as required by FRS 33.

3,800,000 (2016: Nil) share options granted to employees under the ESOS have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11. PLANT AND EQUIPMENT

	Furniture and fittings S$'000	Clinic equipment S$'000	Office equipment S$'000	Computers S$'000	Reno-vations S$'000	Laboratory equipment S$'000	Motor vehicle S$'000	Total S$'000
Group								
Cost								
At 1 January 2016	54	10	14	25	571	99	–	773
Additions	20	–	1	7	105	121	–	254
At 31 December 2016	74	10	15	32	676	220	–	1,027
Additions	–	–	1	8	45	280	195	529
At 31 December 2017	**74**	**10**	**16**	**40**	**721**	**500**	**195**	**1,556**
Accumulated depreciation								
At 1 January 2016	44	10	14	12	152	18	–	250
Depreciation charge for the year	8	–	–	7	194	57	–	266
At 31 December 2016	52	10	14	19	346	75	–	516
Depreciation charge for the year	11	–	1	7	225	109	13	366
At 31 December 2017	**63**	**10**	**15**	**26**	**571**	**184**	**13**	**882**
Net book value								
At 31 December 2016	22	–	1	13	330	145	–	511
At 31 December 2017	**11**	**–**	**1**	**14**	**150**	**316**	**182**	**674**

12. INVESTMENT IN SUBSIDIARIES

	Company 2017 S$'000	Company 2016 S$'000
Equity shares, at cost	**4,113**	4,113
Discount on interest-free loan to Stem Med Pte. Ltd. (Note 14)	**544**	–
Deemed contribution in respect of share-based payments to employees of Singapore Cancer Centre Pte. Ltd. (Note 7)	**346**	–
	5,003	4,113

The Group has the following investment in subsidiaries:

Name	Country of incorporation	Principal activities (Principal place of activities)	Proportion of effective ownership interest 2017 %	Proportion of effective ownership interest 2016 %
Held by the Company:				
Singapore Cancer Centre Pte. Ltd. ("**SCC**")[a]	Singapore	Provision of specialist doctors and medical staff to operate Parkway Cancer Centre which is a division of Parkway Hospitals Singapore Pte. Ltd. for specialist oncology services (Singapore)	**100**	100
TalkMed Vietnam Pte. Ltd.[a]	Singapore	Provision of specialised medical oncology services (Vietnam)	**100**	100
TalkMed China Pte. Ltd.[a c]	Singapore	Provision of healthcare-related services (China)	**100**	–
Stem Med Pte. Ltd.[a] ("**Stem Med**")	Singapore	Provision of services related to the processing, culturing and storage of stem cells (Singapore)	**57**	60

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Country of incorporation	Principal activities (Principal place of activities)	Proportion of effective ownership interest	
			2017 %	2016 %
Held through Stem Med Pte. Ltd.:				
Stem Med Indonesia Pte. Ltd.[a c]	Singapore	Provision of services related to operation of cellular laboratories and storage facilities and cellular therapeutics clinics (Indonesia)	**51.3**	–
DrSG Cellular Wellness Pte. Ltd.[b c]	Singapore	Provision of customised solutions using protein-rich derivatives for skin care and hair rejuvenation (Singapore)	**34.2**	–
Held through TalkMed China Pte. Ltd.:				
TalkMed Chongqing Pte. Ltd.[a c]	Singapore	Provision of healthcare management services (China)	**75**	–

a Audited by Ernst & Young LLP, Singapore.

b Audited by Prestige Assurance PAC.

c These companies are incorporated during the year and are dormant as at year end.

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Interest in subsidiary with material non-controlling interests (NCI)

The Group has the following subsidiary that has NCI that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interests held by non-controlling interests	Loss allocated to NCI during the reporting period		Accumulated NCI at the end of reporting period		Dividends paid to NCI	
			2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Stem Med Pte. Ltd.	Singapore	43.0%	**(835)**	(510)	**185**	528	**–**	–

Summarised financial information about subsidiary with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiary with material non-controlling interests is as follows:

Summarised statement of financial position

	Stem Med Pte. Ltd. 2017 S$'000	Stem Med Pte. Ltd. 2016 S$'000
Current		
Assets	**3,475**	1,260
Liabilities	**(608)**	(436)
Net current assets	**2,867**	824
Non-current		
Assets	**681**	524
Liabilities	**(3,247)**	(28)
Net non-current assets	**(2,566)**	496
Net assets	**301**	1,320

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised statement of comprehensive income

	Stem Med Pte. Ltd.	
	2017	**2016**
	S$'000	**S$'000**
Revenue	**1,688**	402
Loss before and after tax	**(2,066)**	(1,274)
Total comprehensive income	**(2,066)**	(1,274)

Other summarised information

	Stem Med Pte. Ltd.	
	2017	**2016**
	S$'000	**S$'000**
Net cash flows used in operations	2,246	824
Acquisitions of plant and equipment	526	254

13. INVESTMENT IN ASSOCIATE

The Group's investment in associate is summarised below:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Hong Kong Integrated Oncology Centre Holdings Limited (''HKH'')				
Cost of acquisition	**11,524**	11,524	**11,524**	11,524
Share of post-acquisition results	**(8,348)**	(6,520)	**–**	–
Share of other reserve of associate	**1,997**	–	**–**	–
Foreign currency translation	**(632)**	–	**–**	–
	4,541	5,004	**11,524**	11,524

13. INVESTMENT IN ASSOCIATE (CONT'D)

The Group has the following investment in associate:

Name	Country of incorporation	Principal activities	Proportion of effective ownership interest 2017 %	2016 %
Held by the Company:				
Hong Kong Integrated Oncology Centre Holdings Limited ("**HKH**")	Cayman Islands	Investment holding company	**30**	30
Held by HKH:				
Hong Kong Integrated Oncology Centre Limited ("**HKIOC**")	Hong Kong	Provision of specialist oncology services	**76**	79

The Group has reviewed its investment in associate for indicator of impairment and concluded that there is no indicator of impairment in view of the improved performance of HKH group.

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

Summarised statement of financial position

	Hong Kong Integrated Oncology Centre Holdings Limited 2017 S$'000	2016 S$'000
Current assets	**5,109**	11,211
Non-current assets	**25,264**	24,635
Total assets	**30,373**	35,846
Current liabilities	**7,848**	11,175
Non-current liabilities	**12,147**	11,297
Total liabilities	**19,995**	22,472
Net assets	**10,378**	13,374
Non-controlling interests	**1,611**	149
	11,989	13,523
Proportion of the Group's ownership	**30%**	30%
Group's share of net assets	**3,597**	4,057
Goodwill on acquisition	**942**	1,026
Other adjustments	**2**	(79)
Carrying amount of the investment	**4,541**	5,004

13. INVESTMENT IN ASSOCIATE (CONT'D)

Summarised statement of comprehensive income

	Hong Kong Integrated Oncology Centre Holdings Limited	
	2017	**2016**
	S$'000	**S$'000**
Revenue	**41,348**	22,147
Loss after tax	**(6,081)**	(11,850)
Total comprehensive income	**(6,081)**	(11,850)

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Trade and other receivables (current):				
Trade receivables	**8,202**	6,209	**–**	–
Amounts due from a subsidiary (non-trade)	**–**	–	**5**	–
Dividends receivable from a subsidiary	**–**	–	**15,000**	15,000
Refundable deposits	**258**	260	**–**	–
Interest receivables	**170**	216	**28**	18
Other receivables	**11**	6	**8**	–
Total trade and other receivables (current)	**8,641**	6,691	**15,041**	15,018
Add: Cash and short-term deposits (Note 15)	**71,051**	63,996	**9,771**	7,741
Add: Loan to a subsidiary (non-current)	**–**	–	**1,905**	–
Total loans and receivables	**79,692**	70,687	**26,717**	22,759

Trade receivables

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

Amounts due from a subsidiary (non-trade)

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

14. TRADE AND OTHER RECEIVABLES (CONT'D)

Loan to a subsidiary (non-current)

On 20 June 2017, the Company and the non-controlling shareholder of Stem Med, StemCord Pte Ltd granted interest-free loans amounting to S$2.40 million and S$1.60 million (Note 16) respectively to Stem Med in proportion to their existing shareholding percentage in Stem Med. The loan is repayable on 19 June 2022.

The loan is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value is estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowing at the end of the reporting period.

	Company	
	2017	**2016**
	S$'000	**S$'000**
Loan to a subsidiary at amortised cost:		
Original loan amount	**2,400**	–
Discount on loan (Note 12)	**(544)**	–
Interest income on unwinding of discount adjustment	**49**	–
	1,905	–

Receivables that are past due but not impaired

The Company has trade receivables amounting to S$130,000 (2016: S$200,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017	**2016**
	S$'000	**S$'000**
Trade receivables past due but not impaired:		
1 to 30 days	**98**	40
31 to 90 days	**–**	38
More than 90 days	**32**	122
	130	200

There is no impairment loss recognised on trade receivables for the financial years ended 31 December 2017 and 2016.

15. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Cash at banks and on hand	**9,628**	11,285	**826**	856
Short-term deposits	**61,423**	52,711	**8,945**	6,885
Cash and short-term deposits	**71,051**	63,996	**9,771**	7,741

Cash at banks earn interests ranging 0.30% to 0.50% (2016: 0.25% to 0.35%) per annum. Short-term deposits are made for varying periods of between 1 month and 6 months (2016: 3 months and 6 months), depending on the immediate cash requirements of the Group, and earn interests ranging from 0.85% to 1.59% (2016: 1.20% to 1.80%) per annum.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Trade and other payables (current):				
Trade payables	**196**	80	**–**	–
GST payable	**864**	1,202	**–**	–
Rental deposits	**316**	316	**–**	–
Other payables	**102**	128	**29**	3
Amounts due to a director-related company (non-trade)	**4**	4	**–**	–
Amounts due to a director-related company (trade)	**99**	5	**–**	–
Total trade and other payables (current)	**1,581**	1,735	**29**	3
Add: Accrued operating expenses (Note 17)	**2,560**	2,000	**139**	160
Less: GST payable	**(864)**	(1,202)	**–**	–
Add: Loan from non-controlling shareholder to a subsidiary (non-current)	**1,270**	–	**–**	–
Total financial liabilities carried at amortised cost	**4,547**	2,533	**168**	163

16. TRADE AND OTHER PAYABLES (CONT'D)

Loan from non-controlling shareholder to a subsidiary (non-current)

On 20 June 2017, the Company and the non-controlling shareholder of Stem Med, StemCord Pte Ltd granted interest-free loans amounting to S$2.40 million (Note 14) and S$1.60 million respectively to Stem Med in proportion to their existing shareholding percentage in Stem Med. The loan is repayable on 19 June 2022.

The loan is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value is estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowing at the end of the reporting period.

	Group	
	2017	2016
	S$'000	S$'000
Loan from non-controlling shareholder to a subsidiary at amortised cost:		
Original loan amount	**1,600**	–
Discount on loan	**(363)**	–
Finance cost on unwinding of discount adjustment	**33**	–
	1,270	–

Amounts due to a director-related company

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

17. OTHER LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Current				
Accrued operating expenses	**2,560**	2,000	**139**	160
Deferred revenue	**36**	18	**–**	–
	2,596	2,018	**139**	160
Non-current				
Deferred revenue	**73**	28	**–**	–

18. SHARE CAPITAL

	Group and Company			
	2017		2016	
	No. of shares		No. of shares	
	'000	S$'000	'000	S$'000
Issued and fully paid ordinary shares				
At 1 January	**657,143**	**22,273**	657,143	22,273
Bonus issue on the basis of one bonus share for each existing ordinary share held	**657,143**	**–**	–	–
At 31 December	**1,314,286**	**22,273**	657,143	22,273

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

19. MERGER RESERVE

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

20. SHARE-BASED PAYMENTS RESERVE

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

21. OTHER RESERVE

	Group	
	2017	2016
	S$'000	S$'000
Share of other reserve of associate	**1,997**[1]	–
Changes in ownership interest in subsidiary without a loss in control	**9**	–
	2,006	–

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

22. FOREIGN CURRENCY TRANSLATION RESERVE

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

23. RELATED PARTY TRANSACTIONS

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

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

	Group	
	2017	**2016**
	S$'000	**S$'000**
Operating lease expense paid to directors and director-related companies	**1,439**	1,253
Service fees paid to director-related companies	**123**	130
Payment made on behalf by a director-related company	**102**	245
Service revenue from associate	**276**	276
Stem cell processing fees charged to a director-related company	**843**	62

(b) *Compensation of key management personnel*

	Group	
	2017	**2016**
	S$'000	**S$'000**
Short-term employee benefits	**3,797**	5,801
Directors' fees – directors of the Company and subsidiaries	**470**	435
Central Provident Fund contributions	**60**	63
Cost of share-based payments	**138**	–
	4,465	6,299
Comprises amount paid to:		
– Directors of the Company	**3,456**	5,458
– Other key management personnel	**1,009**	841
	4,465	6,299

24. OPERATING LEASE COMMITMENTS – AS LESSEE

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

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2017 amounted to S$1,693,000 (2016: S$1,506,000).

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

	Group	
	2017	**2016**
	S$'000	**S$'000**
Not later than one year	**1,174**	1,545
Later than one year but not later than five years	**592**	1,465
	1,766	3,010

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

Exposure to credit risk

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

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

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group has two (2016: two) major trade debtors. At the end of the reporting period, approximately 99% (2016: 98%) of the Group's trade receivables were due from these major trade debtors. The carrying amount of trade receivables is as disclosed in Note 14 to the financial statements.

In order to mitigate concentrations of risk, the Group's policies and procedures include specific guidelines to focus on monitoring the repayment pattern of its key trade debtors. The Group does not apply hedge accounting.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

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

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

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

As part of its overall liquidity management, the Group monitors and maintains a level of cash and short-term deposits deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Analysis of financial instruments by remaining contractual maturities

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

	Group			
	2017			2016
	1 year or less	1 to 5 years	Total	1 year or less
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Trade and other receivables	**8,641**	**–**	**8,641**	6,691
Cash and short-term deposits	**71,051**	**–**	**71,051**	63,996
Total undiscounted financial assets	**79,692**	**–**	**79,692**	70,687
Financial liabilities				
Trade and other payables (net of GST payable)	**717**	**–**	**717**	533
Accrued operating expenses	**2,560**	**–**	**2,560**	2,000
Loan from non-controlling shareholder to a subsidiary	**–**	**1,600**	**1,600**	–
Total undiscounted financial liabilities	**3,277**	**1,600**	**4,877**	2,533
Total net undiscounted financial assets/(liabilities)	**76,415**	**(1,600)**	**74,815**	68,154

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

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

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

	Company			
	2017			2016
	1 year or less S$'000	1 to 5 years S$'000	Total S$'000	1 year or less S$'000
Financial assets				
Trade and other receivables	**15,041**	**–**	**15,041**	15,018
Cash and short-term deposits	**9,771**	**–**	**9,771**	7,741
Loan to a subsidiary	**–**	**2,400**	**2,400**	–
Total undiscounted financial assets	**24,812**	**2,400**	**27,212**	22,759
Financial liabilities				
Trade and other payables	**29**	**–**	**29**	3
Accrued operating expenses	**139**	**–**	**139**	160
Total undiscounted financial liabilities	**168**	**–**	**168**	163
Total net undiscounted financial assets	**24,644**	**2,400**	**27,044**	22,596

(c) *Fair value of financial instruments*

(i) Fair value hierarchy

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

– Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group and the Company can access at the measurement date,

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

– Level 3 – Unobservable inputs for the asset or liability.

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

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

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

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

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

		Group			
		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
2017					
Financial liability measured at fair value:					
Loan from non-controlling shareholder to a subsidiary (non-current)	16	–	–	1,237	1,270

		Company			
		Fair value measurements at the end of the reporting period using			
	Note	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount
2017					
Financial asset measured at fair value:					
Loan to a subsidiary (non-current)	14	–	–	1,856	1,905

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

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

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

Loans to a subsidiary and loan from non-controlling shareholder to a subsidiary

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

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

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

26. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 2016.

27. SEGMENT INFORMATION

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

(i) *Oncology services*

The provision of oncology services to Parkway Cancer Centre, a division of Parkway Hospitals Singapore Pte. Ltd. and TCH in Hanoi, Vietnam.

(ii) *Stem cells services*

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

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

27. SEGMENT INFORMATION (CONT'D)

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

	Oncology services S$'000	Stem cells services S$'000	Per consolidated financial statements S$'000
Group			
2017			
Revenue			
External customers, representing total revenue	59,673	1,688	61,361
Results:			
Interest income	763	–	763
Depreciation of plant and equipment	1	365	366
Employee benefits expense	15,191	969	16,160
Share of results of associate	1,828	–	1,828
Income tax expense	7,341	–	7,341
Segment profit/(loss)	33,268	(2,071)	31,197
Assets:			
Investment in associate	4,541	–	4,541
Segment assets	76,658	4,157	80,815
Total assets	81,199	4,157	85,356
Liabilities			
Segment liabilities	8,990	3,856	12,846

27. SEGMENT INFORMATION (CONT'D)

	Oncology services S$'000	Stem cells services S$'000	Per consolidated financial statements S$'000
Group			
2016			
Revenue			
External customers, representing total revenue	68,511	402	68,913
Results:			
Interest income	733	–	733
Depreciation of plant and equipment	–	266	266
Employee benefits expense	16,512	347	16,859
Share of results of associate	3,632	–	3,632
Income tax expense	8,607	–	8,607
Segment profit/(loss)	38,155	(1,274)	36,881
Assets:			
Investment in associate	5,004	–	5,004
Segment assets	69,669	1,784	71,453
Total assets	74,673	1,784	76,457
Liabilities			
Segment liabilities	11,888	464	12,352

Geographical information

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

	Revenue		Non-current assets	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Group				
Singapore	**61,117**	68,511	**683**	525
Vietnam	**244**	402	**–**	–
	61,361	68,913	**683**	525

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

Information about a major customer

Revenue from one major customer amounted to S$59,413,000 (2016: S$68,118,000), arising from the provision of oncology and stem cells services to Parkway Cancer Centre, a division of Parkway Hospitals Singapore Pte. Ltd..

28. DIVIDENDS

	Group and Company	
	2017	2016
	S$'000	S$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2016[1]: 2.283 cents (2015[1]: 2.305 cents) per share	**15,002**	15,147
– First interim exempt (one-tier) dividend for 2017[2]: 0.761 cents (2016[1]: 2.280 cents) per share	**10,002**	14,983
	25,004	30,130
Proposed dividends to the Company's shareholders but not recognised as a liability as at 31 December:		
– Final exempt (one-tier) dividend for 2017[2]: 1.370 cents (2016[1]: 2.283 cents) per share	**18,006**	15,003

The calculation of dividends per ordinary share was based on:

(1) 657,143,000 shares before the Bonus Shares.

(2) 1,314,286,000 shares after the Bonus Shares.

29. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of directors on 28 March 2018.

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2018

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

Notes:

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

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

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	NIL	NIL	NIL	NIL
100 – 1,000	47	4.63	31,800	0.00
1,001 – 10,000	474	46.65	3,024,700	0.23
10,001 – 1,000,000	472	46.46	32,826,200	2.50
1,000,001 & above	23	2.26	1,278,403,300	97.27
TOTAL	1,016	100.00	1,314,286,000	100.00

TOP TWENTY SHAREHOLDERS AS AT 14 MARCH 2018	NO. OF SHARES	%
CITIBANK NOMINEES SINGAPORE PTE LTD	748,115,700	56.92
LADYHILL HOLDINGS PTE. LTD.	171,782,400	13.07
DR KHOO KEI SIONG	99,360,000	7.56
UOB KAY HIAN PTE LTD	70,744,800	5.38
RAFFLES NOMINEES (PTE) LTD	42,013,100	3.20
DR LIM HONG LIANG	47,472,000	3.61
DR TEO CHENG PENG	39,302,400	3.00
TAN JOON JAR	17,563,966	1.34
TAN JOON YANG	8,701,434	0.66
DBS NOMINEES PTE LTD	7,412,700	0.57
LIM BEE KOK	4,335,000	0.33
DR SEE HUI TI	4,168,000	0.32
LAI JASON JUSTIN	2,020,000	0.15
CHANDRA DAS NARESHKUMAR	2,000,000	0.15
IDA MUSTIKA TJOKROSETIO	1,796,800	0.14
CHAN JIN HOE	1,600,000	0.12
THNG YONGXIAN (TANG YONGXIAN)	1,577,000	0.12
NG LIN CHIEH KELVIN	1,500,000	0.11
TAN FAN HAO MATTHEW	1,500,000	0.11
TAN YII HSIEN BARNABAS (CHEN YUXIAN BARNABAS)	1,500,000	0.11
	1,274,465,300	96.97

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2018

SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%	TOTAL NO. OF SHARES	%
LADYHILL HOLDINGS PTE. LTD.[1]	171,782,400	13.07	687,129,600	52.28	858,912,000	65.35
DR KHOO KEI SIONG	99,360,000	7.56	–	–	99,360,000	7.56
DR TEO CHENG PENG[2]	39,302,400	3.00	58,953,600	4.48	98,256,000	7.48
DR ANG PENG TIAM[3]	–	–	858,912,000	65.35	858,912,000	65.35
MDM CHUA SIOK LIN[3]	–	–	858,912,000	65.35	858,912,000	65.35

Note:

(1) Ladyhill Holdings Pte. Ltd. is deemed interested in the 687,129,600 shares of the Company held through Citibank Nominees Singapore Pte. Ltd..

(2) Dr Teo Cheng Peng is deemed interested in the 58,953,600 shares of the Company held through Citibank Nominees Singapore Pte. Ltd..

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

SHAREHOLDING HELD IN PUBLIC HANDS

As at 14 March 2018, approximately 15.68% of the issued ordinary shares of the Company was held in the hands of the public. Accordingly, the Company had complied with Rule 723 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting ("**AGM**") of TalkMed Group Limited will be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on Tuesday, 24 April 2018 at 6:00 p.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2017 together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax-exempt dividend of 1.370 Singapore cents per ordinary share in respect of the financial year ended 31 December 2017. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$380,000 for the financial year ending 31 December 2018 to be paid quarterly in arrears. (2017: S$380,000) **(Resolution 3)**

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

   Mr S. Chandra Das
   [Please see Explanatory Note (i)] **(Resolution 4)**

   Mr Sitoh Yih Pin
   [Please see Explanatory Note (ii)] **(Resolution 5)**

   Mr Lim Teong Jin George
   [Please see Explanatory Note (iii)] **(Resolution 6)**

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

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

AS SPECIAL BUSINESS

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

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

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

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

(2) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

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

provided that:

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

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

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

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

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

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

NOTICE OF FIFTH ANNUAL GENERAL MEETING

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

BY ORDER OF THE BOARD

LIM HENG CHONG BENNY
CHIN SU XIAN
Joint Company Secretaries

Singapore, 9 April 2018

Explanatory Notes:

(i) Key information on Mr S. Chandra Das, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 4, is found on page 7 of the Annual Report. Mr S. Chandra Das will, upon the re-election as Director of the Company, remain as Chairman of the Remuneration and Nominating Committees of the Company, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr S. Chandra Das and the other Directors, the Company or its 10% shareholders.

(ii) Key information on Mr Sitoh Yih Pin, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 5, is found on page 8 of the Annual Report. Mr Sitoh Yih Pin will, upon the re-election as Director of the Company, remain as Chairman of the Audit and Risk Committee and a member of the Remuneration Committee of the Company, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. There are no relationships (including immediate family relationships) between Mr Sitoh Yih Pin and the other Directors, the Company or its 10% shareholders.

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

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

NOTICE OF FIFTH ANNUAL GENERAL MEETING

Notes:

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

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

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

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

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

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

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

6. This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this notice.

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

   The contact person for the Sponsor is:
   Name: Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance
   Telephone: (65) 6415-9886

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

NOTICE OF FIFTH ANNUAL GENERAL MEETING

Personal Data Privacy:

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

Notes:

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

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

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

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

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

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

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

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

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

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

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 April 2018.

General:

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

TALKMED GROUP LIMITED

(Company Registration No. 201324565Z)
(Incorporated in the Republic of Singapore)

PROXY FORM

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

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

I/We, ______________________________ (Name) ______________________________ (NRIC/Passport number)

of ____ (Address)

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on Tuesday, 24 April 2018 at 6:00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

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

No.	Resolutions relating to:	For	Against
1.	Adoption of Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2017 together with the Auditor's Report thereon		
2.	Approval of final one-tier tax-exempt dividend of 1.370 Singapore cents per ordinary share in respect of the financial year ended 31 December 2017		
3.	Approval of Directors' fees of S$380,000 for the financial year ending 31 December 2018 to be paid quarterly in arrears		
4.	Re-election of Mr S. Chandra Das as a Director of the Company pursuant to Article 91 of the Company's Constitution		
5.	Re-election of Mr Sitoh Yih Pin as a Director of the Company pursuant to Article 91 of the Company's Constitution		
6.	Re-election of Mr Lim Teong Jin George as a Director of the Company pursuant to Article 91 of the Company's Constitution		
7.	Re-appointment of Messrs Ernst & Young LLP as Auditor and to authorise the Directors of the Company to fix their remuneration		
8.	Authority to allot and issue new Shares		

Dated this __________ day of ______________, 2018

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

....

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

IMPORTANT: Please read notes on the left

Fold along this line

Affix Postage Stamp Here

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

Fold along this line

TALKMED
GROUP

101 Thomson Road
#09-02 United Square
Singapore 307591