Celebrating Life

THOMSON MEDICAL GROUP 康盛

TRANSFORMING INTO **ASIA'S PREFERRED HEALTH SYSTEM** OF CHOICE

ANNUAL REPORT 2020

CONTENTS

OUR VISION

To be the provider of choice for integrated healthcare solutions across Asia.

OUR MISSION

We aim to create better lives for people through innovative, unique and sustainable integrated solutions – delivering exceptional healthcare services solutions of the highest quality.

CORE VALUES

I.C.A.R.E

Integrity
We serve with the highest standards of ethical conduct.

Commitment
We are committed to contributing our best to society and the organisation and achieving service excellence.

Accountability
We take ownership and responsibility for our actions.

Respect
We treat our customers with respect and dignity. We learn from those more knowledgeable than us.

Empathy
We care for our patients, doctors, customers and staff. Of paramount importance is their well-being and we always respond with compassion.

CORPORATE PROFILE

Thomson Hospital Kota Damansara

Current

205 Beds

- Future Thomson Iskandar Medical Hub
- Future Vantage Bay Healthcare City

Thomson Iskandar Medical Hub

Expansion plans

- 500 beds
- 400 medical suites
- Complementary retail space

Legend
- Hospital
- Women's Clinic
- Paediatric Clinic
- Fertility Centre
- Other Clinics and Centres

Expansion plans

Grow to 600+ Beds

Thomson Medical Centre

Current

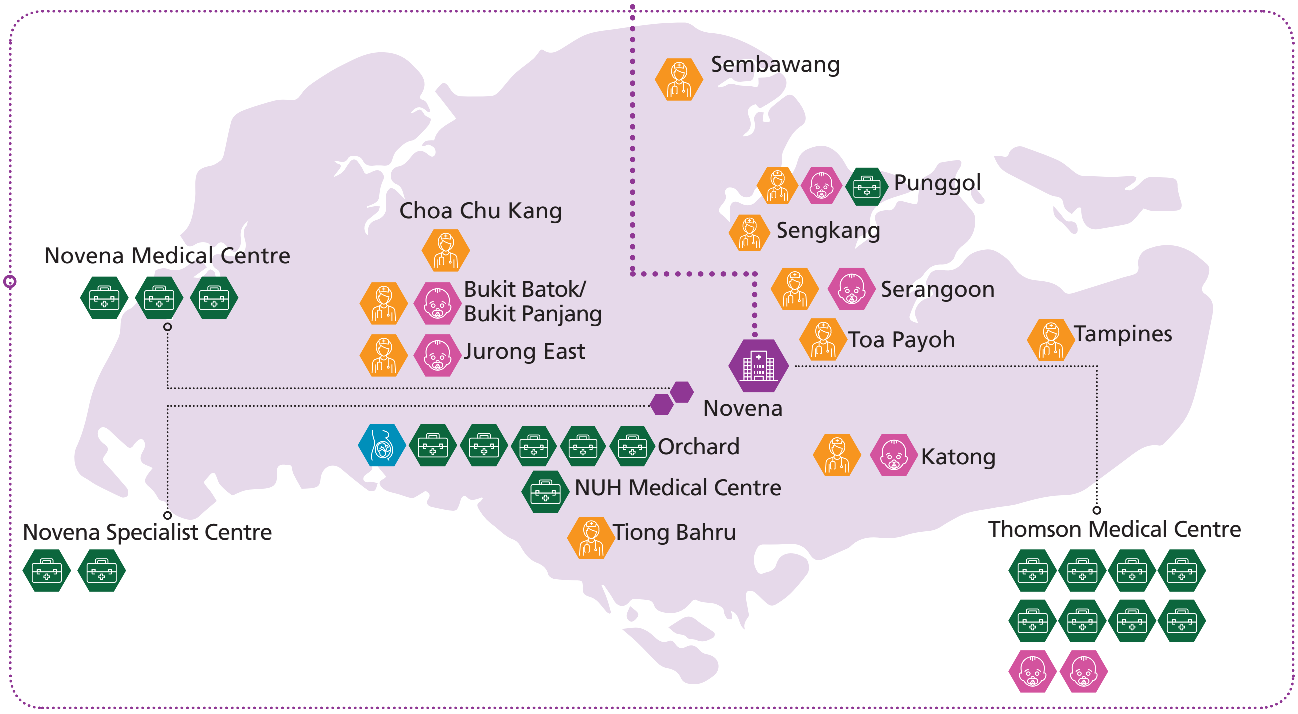
- **187 licensed beds**
- **39 Clinics and centres**

Listed on the Mainboard of the Singapore Exchange, Thomson Medical Group Limited (SGX: A50) is one of the leading listed healthcare players in the South-East Asian region with operations in Singapore and Malaysia.

Established in 1979, the Group's Thomson Medical Pte Ltd is one of the largest private providers of healthcare services for women and children in Singapore. It owns and operates the iconic Thomson Medical Centre and a network of specialist medical clinics and facilities providing outpatient women and children healthcare services and service offerings in diagnostic imaging, health screening, gynaecological oncology, dentistry, specialist dermatology, traditional Chinese medicine, musculoskeletal and sports medicine, and medical aesthetics.

The Group's operations in Malaysia under TMC Life Sciences Berhad is a multi-disciplinary healthcare company listed on Bursa Malaysia. It operates Thomson Hospital Kota Damansara, a tertiary hospital located in Kota Damansara, and the award-winning TMC Fertility Centre which is the industry leader in assisted reproduction in Malaysia. It also owns the proposed Thomson Iskandar Medical Hub, in Johor Bahru, Malaysia.

The Group also owns a prime 9.23 ha freehold waterfront land, strategically located in Johor Bahru's City Centre, with a proposed long term plan to build an integrated healthcare city to meet the growing healthcare needs of the people in the region.



EXPANDING IN ASIA COMMITTED TO EXCELLENCE

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present TMG's Annual Report for the 18-month financial period from 1 January 2019 to 30 June 2020 (FY2020), in line with the change of financial year-end from 31 December to 30 June.

In this period, the Group celebrated two significant milestones: the 40th anniversary of the founding of Thomson Medical Centre in Singapore and the 25th anniversary of the founding of TMC Life Sciences in Malaysia. We have come far since our founding and we continue to grow from strength to strength.

The Group's revenue for the first 12-month period ended 31 December 2019 grew 6.6% to $229.8 million, compared to $215.6 million in the preceding corresponding period. While on an 18-month period ended 30 June 2020, the Group recorded a 0.2% increase in revenue to $327.8 million from $327.3 million in the preceding corresponding period. The lower growth in the last six months of the financial period under review was largely due to a depressed business environment amid the global COVID-19 pandemic.

As we navigate through these challenging times, we continue to ensure our balance sheet remains healthy so that we can continue to grow and fulfil our role of caring for our patients and staff. The Group's balance sheet was strengthened from the proceeds of $29.5 million received in April 2019 from the first tranche of the bonus warrants issued to shareholders as part of the acquisition of Thomson Medical Pte Ltd ("TMPL") in Singapore and TMC Life Sciences Berhad ("TMCLS") in Malaysia. Also, the Group launched its $500 million Medium Term Note (MTN) Programme in July 2019 as a platform to tap into the debt capital markets and diversify its sources of funding to refinance the existing debts and extend the Group's debt maturity profile. The Group issued two senior bonds, a $225 million bond in July 2019 and a $175 million bond in January 2020 under this MTN Programme, with both issues receiving significant demand from market investors.

Financially, the Group continues to generate sufficient cash flows to finance its operations and has adequate cash and bank resources to fund its working capital needs as well as its existing committed business growth requirements. The Group continues to maintain a healthy balance sheet with cash and short-term deposits of $160.0 million as at 30 June 2020 compared to $121.7 million as at 31 December 2018.

LEADERSHIP CHANGES

On 16 September 2019, Mr Quek Hong Sheng Roy stepped down as the Executive Director and Group Chief Executive Officer of the Company. Following a comprehensive internal and external executive search, I am proud to share that the Board has appointed Dr Wong Chiang Yin as Executive Director and Group Chief Executive Officer of the Company with effect from 1 February 2020.

Dr Wong is a public health specialist. He has held senior positions in both the public and private sectors. He is familiar with the Thomson Group as he was President of Thomson International and Executive Director of TMC Life Sciences Berhad, our subsidiary listed on Bursa Malaysia, from 2011 to 2015.

My colleagues on the board and I have full confidence that with his experience and credentials, Dr Wong will provide the leadership to oversee the overall strategic planning and business growth of the Group.

As we grow TMPL beyond hospital services, our focus on our specialist centres outside of hospital services contributes significantly to the Group. Alongside Ms Mega Shuen, who will continue to lead TMPL's hospital operations as Chief Executive Officer, TMPL, the Group has appointed Ms Chan Wei Ling as Chief Executive Officer, Specialist Centres to oversee the strategy and operations of Thomson Medical's specialist centres. Ms Chan is a career healthcare professional with experience in healthcare finance, hospital planning and

LETTER TO SHAREHOLDERS

corporate services. She has held senior roles in the public healthcare sector and is a Fulbright scholar with a Master in Health Services Administration from the University of Michigan. I am confident both CEOs will add significant experience and expertise to our Group.

CONTINUED EXPANSION

Over the years, Thomson Medical continues to grow its operations and expand its core specialities in women's and children's health. Aside from our flagship hospital at Thomson Road, Thomson Medical's range of services, products and operations includes gynaecological oncology, sports medicine, dentistry, TCM, health screening, imaging, wellness services, the sale of confinement food and provision of ante and post-natal training and services. Together with our women's and children's clinics, we have a network of close to 40 specialist clinics across Singapore to complement our brand of care for the whole family.

This year, Thomson Medical continues to grow its operations and expand its core specialities in women's and children's health. We recently commissioned the Thomson Breast Centre (TBC) and the Thomson Surgical Centre (TSC), expanding our service offerings for women's health to the next level. Situated within Thomson Medical Centre, TBC and TSC will be able to tap on the hospital's expertise in women's health and technology with seamless referrals to a specialist network, imaging services and support from experienced staff. In providing greater care for expectant mothers, Thomson Medical Centre is Singapore's first private hospital to house an Obstetrics Assessment Unit for pregnant women with gestational diabetes, providing lifestyle assessment, education, counselling and glucose control strategies. These additions truly make Thomson Medical Centre a one-stop centre for all women's care.

Aside from our hospital operations and core specialities, we also continue to grow our specialist clinics to support the needs of the whole family. We commenced operations at the Group's multi-speciality medical centre at Paragon Medical Centre (Thomson Wellth@Paragon) in phases from July 2019. The new centre houses an integrated facility offering fertility, TCM, sports medicine, preventive medicine and wellness services, aesthetics and diagnostic imaging services. To optimise patient catchment in areas with growing and younger population, the Group has opened an obstetrics and gynaecology clinic and expanded its paediatric operations in Punggol, where many young families reside. This way, we hope to bring greater convenience and make the Thomson brand of care available to more patients.

Leveraging on our extensive experience in women's and children's health, we recently announced that we will be building an ecosystem of synergistic services where children's developmental health and well-being are taken care of in a holistic and multidisciplinary way through the Thomson Kids Centre. To spearhead this, we will set up a learning centre with structured educational programmes to help children with learning difficulties.

In Malaysia, the Thomson Hospital Kota Damansara expansion project is targeted for completion by around mid 2021. When completed, the 600-bed tertiary hospital will be one of the largest private hospitals in the Klang Valley boasting new specialist clinics, inpatient rooms and also a state-of-the-art Cancer & Radiosurgery Centre and Nuclear Medicine Centre. With the resumption of the Rapid Transit System (RTS) Link project between Singapore and Malaysia which is expected to start operations by the end of 2026, the Group aims to complete construction of the Thomson Iskandar Medical Hub at Vantage Bay within 24 months after the RTS project at Bukit Chagar is fully operational. With its proximity to Singapore and the potential for the RTS Link's capacity to transport up to 10,000 passengers an hour in each direction, Thomson Iskandar Medical Hub and other developments in the proposed Vantage Bay Healthcare City are well placed to provide high-quality medical care to the people of Johor and Singaporeans alike. Outside of hospital expansion plans, the Group is also focusing on its expansion plan in Puchong where TMC Fertility's flagship centre at the Puchong Financial Corporate Centre is set to open by the end of 2020.

TECHNOLOGY

Advances in digital technologies are shaping the future of healthcare in helping to improve efficiency, strengthen risk management and enhance clinical care. The past year has seen the Group embark on various digital projects to help transform our business and services to be ready for tomorrow's world.

We have embarked on implementing electronic medical records to help staff streamline data entry, minimise paper records and reduce transcription errors, in turn giving doctors and nurses more time to focus on caring for their patients. With massive amounts of electronic healthcare data increasingly being generated and shared across multiple systems, we have also taken steps to ensure that all data is properly managed. In addition, the deployment of secured instant messaging tools for staff to engage in secure communications ensures that sensitive data is only disseminated to authorised staff.

As the Group adjusts to operating in the COVID-19 pandemic, we have embraced the use of telehealth solutions to allow our doctors and healthcare professionals to continue to connect with their patients to care for them through these difficult times. Through HealthPass, a partner-driven mobile app, patients can access Thomson Medical's doctors through video consultations and have medication delivered to their doorstep. In Malaysia, Thomson Hospital Kota Damansara has similarly launched a telehealth platform that allows patients to consult doctors, obtain prescriptions and purchase medication.

COVID-19 PANDEMIC

COVID-19 has thrown the world into turmoil. Businesses now operate in a very challenging environment as a result of the various movement control and social distancing measures imposed to stem the spread of the virus. Our Group's business has also undoubtedly been impacted, but we stay focused on ensuring that the Group continues to provide quality care to our patients and a safe working environment for our staff, as well as to strengthen our business resilience.

Our staff remain committed to serving our patients as we persevere through this protracted COVID-19 pandemic. We have put in place heightened infection control measures at all our facilities and implemented patient and visitor screening to enhance vigilance against potential transmission of COVID-19. In addition, I am also proud that our staff stepped up to the call from the Ministry of Health to contribute to the management of the COVID-19 situation in Singapore, by serving at the community care facilities and managing COVID-19 serology testing projects at foreign worker dormitories.

APPRECIATION

On behalf of the Board, I would like to convey my sincere appreciation to our doctors, management and staff in Singapore and Malaysia who have displayed discipline and professionalism in providing the highest levels of care and stepping up to the challenges brought about by COVID-19. Your commitment and dedication to the Group and our patients is the bedrock of our strength and resilience that will help us transition through these uncertain and difficult times.

As the Group continues to grow from strength to strength, I wish to acknowledge my appreciation to our shareholders, patrons and business partners for their support, confidence and endorsement of the Group's vision and growth prospects. I also wish to acknowledge the contributions of fellow directors past and present for providing invaluable guidance on strategic and business matters.

We are living through unprecedented tumultuous times as humanity grapples with the turmoil of the COVID-19 pandemic. The next few years will continue to be challenging and disruptive for healthcare and the economy as a whole. In the face of these formidable challenges and the arduous journey ahead, I have every reason to believe that our core business will continue to remain strong and our team of people will continue to stay united and resilient. We will serve our patients and partners through this pandemic.

NG SER MIANG

Chairman, Non-Executive and
Independent Director

BOARD OF DIRECTORS

MR NG SER MIANG, 71

Chairman, Non-Executive and Independent Director

Mr Ng was appointed Non-Executive Independent Chairman on 1 December 2015 and was last re-elected on 24 April 2018. He currently chairs the Nominating and Remuneration Committee.

Mr Ng holds directorships in various companies and was also Singapore's non-resident Ambassador to Norway and Hungary. He is the Chairman of Dunman High School Advisory Committee, Chairman of the Singapore Olympic Foundation and Fundacion Valencia Club de Futbol De La Comunidad Valenciana, and the Vice President of the International Olympic Committee Executive Board and chairs its Finance Commission and Group Staff Pension Fund Foundation Board. Mr Ng was also a Nominated Member of Parliament from 2002 to 2005.

Mr Ng received multiple honours and awards in recognition for his contributions to public service, including SG50 Outstanding Chinese Business Pioneers Award, the National Trades Union Congress Distinguished Service (Star) Award, Meritorious Service Medal by the Singapore Government, and the Commander's Cross – Order of Merit (Civil Division) from the Hungarian President.

Mr Ng holds a Bachelor of Business Administration (Honours) from the University of Singapore and is a Chartered Fellow at the Chartered Institute of Transport.

DR WONG CHIANG YIN, 52

Executive Director and Group Chief Executive Officer

Dr Wong was appointed as Executive Director and Group Chief Executive Officer on 1 February 2020. He leads and manages the Group and works actively with the Board and Management to set the strategic direction focused on growing the business.

Dr Wong is a medical doctor and a public health specialist with more than 20 years of healthcare management experience. He is currently an Independent Director of RHT Health Trust, a company listed on SGX. Previously he was the Executive Director and Group CEO of Cordlife Group Limited, President of Thomson International and Executive Director of TMC Life Sciences Berhad. He is an elected Council Member of the Singapore Medical Association and was its President from 2006 to 2009. He is also an elected council member and Assistant Master of the Academy Medicine Singapore (AMS) and an elected member of the Singapore Medical Council. He has held senior positions in the public sector, including Chief Operating Officer of Singapore General Hospital and Changi General Hospital.

Dr Wong holds a Bachelor of Medicine and Bachelor of Surgery, as well as Master of Medicine (Public Health) from the National University of Singapore. He also holds a Master of Business Administration (Finance) from the University of Leicester. He is a Fellow of the Academy of Medicine, Singapore.

MR WILSON SAM, 44

Executive Director and Group Chief Financial Officer

Mr Wilson Sam was appointed to the Board on 15 March 2019 as Executive Director and Group Chief Financial Officer and was last re-elected on 25 April 2019. Mr Sam is responsible for providing leadership to the Group's financial and management reporting, corporate finance, treasury, investor relations and corporate and regulatory compliance of the Group. Mr Sam holds directorships in various companies and is currently a Non-Executive and Non-Independent Director of Secura Group Limited and an Alternate Director of TMC Life Sciences Berhad.

Mr Sam has 20 years of experience in finance, investments and advisory in Singapore. Prior to joining the Group, he was with Kestrel Capital Pte Ltd as Senior Vice President, (Investments) where he was leading merger and acquisition activities, and investment execution and management.

Mr Sam holds a Bachelor of Business Studies (Honours) with a major in financial analysis and a minor in accountancy from Nanyang Technological University. He is also a CFA charter holder, a CAIA charter holder and holds the FRM certification.

MR HENG KIM CHUAN FREDDIE, 67

Non-Executive Non-Independent Director

Mr Heng was appointed to the Board on 25 April 2018 and was last re-elected on 25 April 2019. He sits on the Audit and Risk Committee.

Mr Heng has over 30 years of experience in the areas of financial and operations management, corporate restructuring as well as mergers and acquisitions. He was with Arthur Andersen & Co (London) in 1977 and was subsequently transferred to the Singapore Office in 1981, where he remained till 1985.

Mr Heng had previously served as a member of the board of directors in a number of public listed companies in Singapore and abroad, including several years as Executive Director in a Singapore listed company.

Mr Heng is a Chartered Accountant and holds a Bachelor of Science in Economics from the London School of Economics and Political Science.

BOARD OF DIRECTORS

MR LIM WEE KIAT, 27
Non-Executive Non-Independent Director

Mr Lim was appointed to the Board on 15 March 2019 and was last re-elected on 25 April 2019. He sits on the Nominating and Remuneration Committee.

After graduating from the University of New South Wales Australia with a Bachelor of Science in Psychology, Mr Lim started his career with Kestrel Capital Pte Ltd as Vice President (Investments). He was involved in various investments and corporate finance transactions, including a very substantial acquisition, and a distribution in-specie.

Mr Lim has an extensive network of business contacts and was involved in business development activities for the RSP Group where he brought in regional business opportunities. He was also involved in starting new companies together with like-minded entrepreneurs to invest in emerging sectors such as healthcare technology, technology platforms and Esports. Mr Lim holds directorships in various companies that he has co-founded or invested in.

MR ONG PANG LIANG, 61
Independent Director

Mr Ong was appointed to the Board on 1 January 2016 and was last re-elected on 24 April 2018. He currently chairs the Audit and Risk Committee and sits on the Nominating and Remuneration Committee.

Mr Ong has over 25 years of experience in banking and finance. He was formerly the Chief Financial Officer of Rowsley Ltd (now known as Thomson Medical Group Limited) in 2008-2010 and the Finance Director of Avarga Ltd (formerly known as UPP Holdings Limited) in 2010-2012.

Mr Ong was previously Head of Foreign Exchange at Bank of America Singapore, General Manager of Bank of America Shanghai and a Management Committee member of Bangkok Bank Singapore, with responsibilities for business groups and risk management functions of the banks. He is currently an Independent Director of Secura Group Limited.

Mr Ong holds a Bachelor of Business Administration from the University of Singapore.

DR LAM LEE G, 61
Independent Director

Dr Lam was re-appointed to the Board on 2 May 2019. He currently sits on the Audit and Risk Committee.

Dr Lam has over 30 years of international experience in general management, strategy consulting, corporate governance, direct investment, investment banking and fund management. He is currently the Chairman of Hong Kong Cyberport Management Company Limited, and Non-Executive Chairman – Greater China and ASEAN Region of Macquarie Infrastructure and Real Assets.

Dr Lam holds a Master of System Science and a Master of Business Administration from the University of Ottawa, a Master of Public Administration and a Doctor of Philosophy from the University of Hong Kong, and a Master of Laws from the University of Wolverhampton. Dr Lam is also a Solicitor of the High Court of Hong Kong, a Fellow of Certified Management Accountants (CMA) Australia, the Hong Kong Institute of Arbitrators, and the Hong Kong Institute of Directors; and an Honorary Fellow of Certified Public Accountants (CPA) Australia, the Hong Kong Institute of Facility Management, and the University of Hong Kong School of Professional and Continuing Education.

EXECUTIVE MANAGEMENT

DR WONG CHIANG YIN

Executive Director and Group Chief Executive Officer
Please refer to the Board of Directors section

MR WILSON SAM

Executive Director and Group Chief Financial Officer
Please refer to the Board of Directors section

MRS MEGA SHUEN

Chief Executive Officer, Hospital – Thomson Medical Pte Ltd

Mrs Shuen is the Chief Executive Officer, Hospital of Thomson Medical Pte Ltd. She joined Thomson Medical as Chief Operating Officer in October 2008 and was promoted to General Manager in 2011 and Chief Executive Officer in December 2017. Prior to joining Thomson Medical, Mrs Shuen was with National University Hospital (NUH) from 2001 to 2008 where her last held position was Director of Operations. During her tenure in NUH, she was instrumental in NUH achieving several quality awards including triple ISO certification and the Joint Commission International (JCI) accreditation, the first hospital in Singapore to do so.

From 1994 to 2000, Mrs Shuen was the Operations Manager of HMI Balestier Hospital, where she was involved in the company's regional projects in Malaysia. She started her career as a Pharmacist with Guardian (SEA) in 1987 and over 8 years there she held numerous positions including Pharmacy Manager, Training Manager and Area Manager.

Mrs Shuen holds a Bachelor (Hons) degree in Pharmacy from University of Bradford, England and Post Graduate Diplomas in Business Administration and Personnel Management from Singapore Institute of Management and a Post Graduate Diploma in Marketing from the Marketing Institute of Singapore. She also holds a LEAN Healthcare Certificate from the College of Engineering, University of Michigan, USA.

MS CHAN WEI LING

Chief Executive Officer, Specialist Centres – Thomson Medical Pte Ltd

Ms Chan is the Chief Executive Officer, Specialist Centres of Thomson Medical Pte Ltd, overseeing Thomson Wellth and specialist clinics covering fertility, pre-natal diagnostics, obstetrics & gynaecology, gynae-oncology, paediatrics, health screening, dentistry, dermatology, aesthetics, sports medicine, and TCM.

Prior to joining Thomson Medical, she was with Singapore's Ministry of Health (MOH) for 25 years, rotating through portfolios overseeing patient finance, hospital funding, corporate finance, human resource, and corporate services. Her last held appointment in MOH was Director of Human Resource, and Director of Corporate Services. In 2009, she was seconded to Jurong Health Services (JHS) as Director of Projects Office for 2 years, to be part of the JHS' leadership team to start up Ng Teng Fong General Hospital and Jurong Community Hospital.

In 2018, Ms Chan was awarded the Public Administration Medal (Bronze) by the President of Singapore.

Ms Chan is a Fulbright Scholar. She holds a Master in Health Services Administration from the University of Michigan, a Master of Science in Healthcare Management from the University of Wales, and a Bachelor of Science in Biology from the National University of Singapore.

EXECUTIVE MANAGEMENT

MR TAN ZING YUEN

Chief Financial Officer – Thomson Medical Pte Ltd

Mr Tan is the Chief Financial Officer of Thomson Medical Pte Ltd. Mr Tan joined Thomson Medical in September 2009 as Chief Financial Officer. From 2006 to 2009, Mr Tan was the Group Financial Controller in the Mediacorp Group. From 2002 to 2006, Mr Tan was the Chief Financial Officer of Energy Market Company Pte Ltd. Prior to this, Mr Tan has held key financial positions in several public-listed companies namely, as Finance Director in Courts Singapore Limited and as Chief Financial Officer of Nippecraft Limited Group and Flairis Technology Corporation Limited Group. Mr Tan began his career in 1980 as an Audit Assistant with the then Price Waterhouse (now known as PricewaterhouseCoopers).

Mr Tan holds a Bachelor of Accountancy Degree from University of Singapore and is a Fellow Member of the Institute of Singapore Chartered Accountants.

MS WAN NADIAH BINTI WAN MOHD ABDULLAH YAAKOB

Executive Director and Group Chief Executive Officer – TMC Life Sciences Berhad

Ms Nadiah is the Group Chief Executive Officer of TMC Life Sciences (TMCLS) and was appointed Executive Director of TMCLS since February 2019. She is also the Chief Executive Officer of Thomson Hospital Kota Damansara and Group Chief Corporate Officer of TMCLS since June 2017.

Prior to joining TMCLS and Thomson Hospital Kota Damansara, Ms Nadiah was the Chief Operating Officer at Sunway Medical Centre after being promoted from Director of Business Development and Corporate Communications in October 2016. She started her career at The Boston Consulting Group in 2007 as an Associate Consultant before joining Sunway Group as Manager, Strategy and Corporate Development in 2010.

Ms Nadiah holds a MSc in Public Health (Nutrition) from the London School of Hygiene and Tropical Medicine, UK and an AB *cum Laude* in Biochemical Sciences from Harvard College, USA. She was nominated into the Forum of Young Global Leaders Class of 2020 and serves as Vice-President of the Harvard Club of Malaysia.

MR WONG YU CHEE

Group Chief Financial Officer – TMC Life Sciences Berhad

Mr Wong has over 24 years' experience in finance, audit, accounting and tax compliance services in Malaysia and Shanghai. Mr Wong started his career in 1996 joining a local audit firm as auditor. He then joined Coopers & Lybrand in 1997, now known as PricewaterhouseCoopers (PwC). Mr Wong spent eight years in PwC specialised in assurance assignment of large multinational company, public listed companies in various industries, Initial Public Offering (IPO) and corporate exercise. Mr Wong joined GlaxoSmithKline then as Finance Manager before he left Malaysia joining Ernst & Young Shanghai in 2005. Mr Wong spent three years in Ernst & Young Shanghai focusing on statutory audit assignment, IPO assurance assignment, corporate exercise and United States audit assignment until he joined TMF Shanghai in 2008, leading the accounting and tax compliance services in TMF Shanghai for two years.

Mr Wong relocated back to Malaysia in 2010, as Director of Accounting & Tax Compliance Services in TMF Malaysia where he spent five years helping businesses on accounting and tax compliance including Goods and Services Tax advisory and compliance services in TMF Malaysia. Mr Wong then joined PCA Corporate Services Sdn Bhd in 2015 as Group Chief Operating Officer before joining TMCLS as Group Chief Financial Officer on 3 August 2015.

Mr Wong is a Fellow Member of Association of Chartered Certified Accountants (FCCA), member of Malaysian Institute of Accountants (MIA)-Chartered Accountant (M) and Associate Member of Chartered Tax Institute of Malaysia (ACTIM).

THOMSON MEDICAL GROUP AT A GLANCE

SINGAPORE

Operating since
1979

Proven track record in operational and financial improvement

39
Clinics and centres across Singapore

>20%
of total annual deliveries in Singapore

>14
Types of services offered

187
Licensed beds

MALAYSIA

Fertility Centre operating since
1994

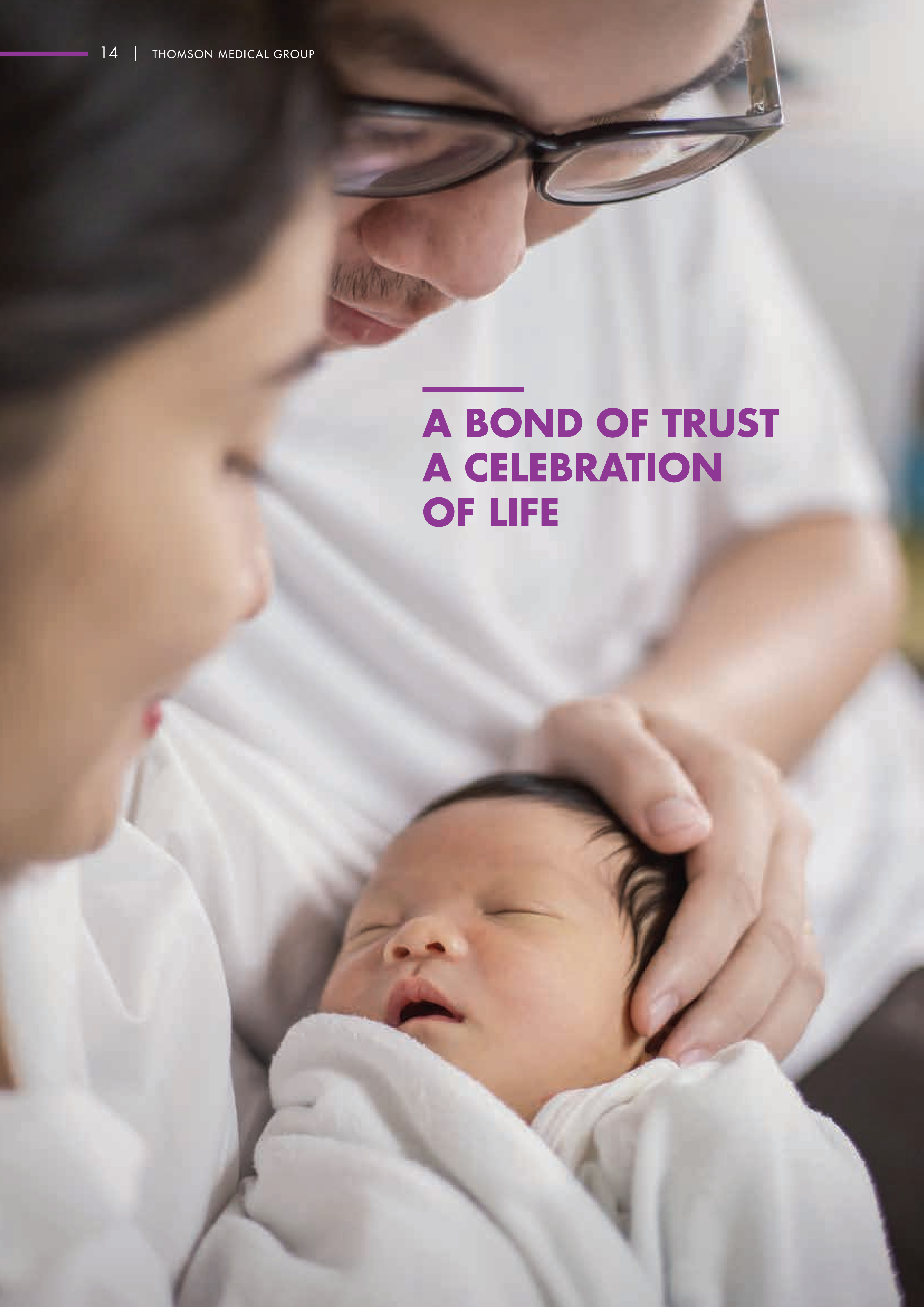
Hospital operating since
2008

>100
Consultants

>20
Specialties

6
Fertility Centres

205
Licensed beds



A BOND OF TRUST A CELEBRATION OF LIFE

OPERATIONS REVIEW

FINANCIAL REVIEW

Financial Performance

The financial period under review, FY2020, covers the 18-month period from 1 January 2019 to 30 June 2020 as a result of the change of financial year end from 31 December to 30 June.

The Group's revenue for the first 12-month period ended 31 December 2019 grew 6.6% to $229.8 million, compared to $215.6 million in the preceding corresponding period. The increase was mainly due to higher overall patient load, increase in average bill size and greater revenue intensity in the Group's hospitals and specialist clinics in Singapore and Malaysia.

For the 18-month period ended 30 June 2020 ("FY2020"), the Group recorded 0.2% increase in revenue of $327.8 million from $327.3 million in the preceding corresponding period. The lower growth was largely due to a depressed business environment arising from the effects of the COVID-19 pandemic in the last six months of FY2020. In both Singapore and Malaysia, the two countries in which the Group operates in, businesses have been subjected to lockdowns of varying degrees, travel restrictions and strict social distancing measures. As a result, several of the services and satellite clinics in Singapore were closed with others operating under significantly restricted conditions, while in Malaysia the restriction has impacted patient loads of the hospital and fertility operations.

The Group's EBITDA after adjusting for the lease accounting, non-cash impairment and other one-off non-recurring costs ("Adjusted EBITDA") for FY2020 came in at $64.1 million compared to $75.6 million in the preceding corresponding period.

The Group's Adjusted EBITDA was lower in FY2020 mainly due to a combination of higher operating expenses and costs associated with the opening of Thomson Wellth@Paragon and costs related to the new clinics.

The Group recorded a net loss attributable to shareholders from continuing operations of $97.0 million for FY2020 compared to a profit of $13.3 million in the preceding corresponding period. These losses were attributed to the one-off non-cash impairment of $93.4 million recorded on the 9.23 ha freehold land located within the Iskandar Development Region in Johor Bahru, Malaysia and weaker contributions from certain business segments in Singapore and Malaysia. The Group's net loss also included higher net financing costs of $34.1 million compared to $26.1 million in the same period of last year as well as one-off and non-cash deferred tax liabilities arising from the change in the tax rate of real property gain tax from 5% to 10% in Malaysia.

Financial Position and Cash Flows

The Group maintained a healthy balance sheet, with cash and short-term deposits of $160.0 million as at 30 June 2020 compared to $121.7 million as at 31 December 2018. The increase was mainly due to net cash generated from operating activities of $78.6 million, offset by mainly purchase of property and equipment and net cash outflow from the divestment of the Real Estate Business of $75.4 million and $24.1 million respectively. Net cash flow from financing activities have increased by $30.9 million mainly due to additional loan drawn to support the Group's working capital for liquidity management during the COVID-19 pandemic and to finance the construction of the expansion works at Thomson Hospital Kota Damansara.

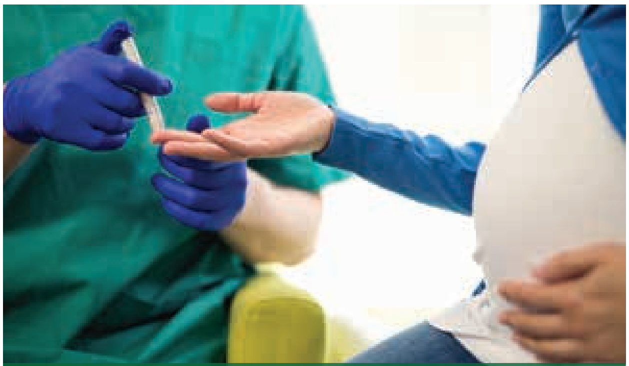
SINGAPORE OPERATIONS

40 years on from the founding of Thomson Medical in 1979, the Thomson brand has come a long way. It has grown into Singapore's largest private women's and children's healthcare provider with one of the biggest network of specialist women's and children's clinics and the iconic Thomson Medical Centre (TMC). Forging ahead, Thomson Medical continues to grow from strength to strength, expanding its core specialities in women's and children's health, and going from just being an operator of healthcare facilities to a provider of upstream preventive care and wellness services to serve the entire family over the course of their health journey.

Hospital Services

In the second half of 2019, the hospital commissioned the Thomson Breast Centre (TBC) and the Thomson Surgical Centre (TSC) conveniently situated within the hospital. TBC is a one-stop breast centre dedicated to the diagnosis and treatment of all breast-related concerns, including early- and advanced-stage breast cancer, breast reconstructive surgery, breast lumps and breastfeeding complications. TSC is a facility offering a comprehensive suite of surgical specialities, covering most major surgical conditions. Supported by an experienced team of specialists and nurses, the centre provides diagnosis, treatment and postoperative care while giving our patients and their families' privacy and peace of mind. TBC and TSC's co-location within the hospital allows for both centres to synergise with the hospital's expertise in women's and children's healthcare, with seamless referrals to a comprehensive specialist network, complemented by diagnostic, patient recovery and patient support services rendered by experienced staff.

OPERATIONS REVIEW



TMC is Singapore's first private hospital to have an in-house unit to help expectant mothers manage Gestational Diabetes Mellitus

Thomson Medical has expanded to provide families in the north a one-stop solution for obstetrics, gynaecology and paediatric services

TMC is Singapore's first private hospital to commission an in-house Obstetrics Assessment Unit (OAU) to help expectant mums with Gestational Diabetes Mellitus (GDM) better understand and manage their condition for a smoother safer pregnancy, delivery and postpartum period. With recent studies showing that higher prevalence of obesity and advanced maternal age have contributed to an increase in GDM in Singapore, TMC now provides expectant mothers a broader suite of services to manage all major conditions during the course of their pregnancy.

Besides strengthening our services, we also take effort to update our physical environment so as to provide a modern and comfortable setting for our patients when they visit our facilities. We have a programme to continually refresh our wards and rooms with refurbished interiors.

Specialist Clinics

We continue to bring our services and our brand of care closer to homes as the Group expands its specialist clinic operations across the heartlands of Singapore. To meet the burgeoning demand and the growing needs of younger couples in the North-East region of Singapore, the Thomson Women's group of clinics (TWC) has established an anchor presence at Punggol Waterway Point in August 2020. Four existing TWC doctors jointly run the new clinic in Punggol, including night clinic sessions to offer greater convenience to families. In addition, Thomson Paediatric Centre (TPC) at Punggol Waterway Point has also relocated to an expanded clinic next to TWC Punggol. Together with the existing Thomson Chinese Medicine (TCM) clinic at Punggol Waterway Point, we are able to provide families with a one-stop solution for obstetrics and gynaecology, paediatric and TCM services. Leveraging on decades of experience in women's and children's health, we recently announced the incorporation of a new wholly-owned subsidiary, Thomson Kids Pte Ltd (TKPL). Thomson Kids Pte Ltd aims to build an ecosystem of synergistic services where children's developmental health and well-being are taken care of in a holistic and multidisciplinary way. Supported by psychologists, speech and language therapists, and trained teachers, the first phase of the Thomson Kids will start off with a learning centre that supports children with learning difficulties through structured educational programmes derived from evidence-based interventions. By helping children with learning difficulties maximise and optimise their learning potential, they will be able to better participate and progress within the mainstream educational environment.

THOMSON KIDS
SPECIALISED LEARNING

In July 2019, the Group officially commenced operations at Thomson Wellth@Paragon. The integrated facility houses services for fertility, obstetrics and gynaecology, TCM, sports medicine, preventive medicine and wellness, aesthetics and diagnostic imaging, providing upstream and preventive care for the entire family from a central location in the heart of Orchard Road.

Consumer Products and Services

In line with the Group's vision to build a platform-based integrated health system, TMC has developed a series of consumer products and provides a continuum of services that caters to all patrons at every stage of their lives.

New Home Delivery Confinement Food Service – Resepi Ibunda

We continue to grow our services in support of the mothers' parenthood journey. As an extension of our current successful home delivery of Chinese traditional confinement food, we have expanded our offerings to include Resepi Ibunda – a confinement food menu bringing traditional Muslim favourites such as the traditional Beef Rendang and the traditional Soto Ayam Soup to all mothers in Singapore. Prepared in a Halal-certified kitchen, this confinement food option gives peace of mind to Muslim mothers looking for optimum nutrition without compromising on taste and religious practices.

Expanding confinement food options to give mothers more variety

Childbirth Education and Baby Care Classes

Continuing to support parents through the COVID-19 pandemic, we introduced daily baby care classes where parents who stay with us at the hospital can log in remotely over a video conferencing platform to learn baby care and basic breastfeeding tips from a Thomson Medical Lactation Consultant from the comfort of their own rooms. The interactive nature of the digital platform allows parents to pose questions and clarify their doubts, giving them the knowledge and confidence to care for their baby after they return home. In line with social distancing measures, we have also introduced one-on-one Childbirth Education Classes where parents can enrol in a more personalised and tailored antenatal class to prepare themselves for delivery.

Thomson Wellth@Paragon – serving the whole family in the heart of Orchard Road

Thomson Wellth Products and Services

Thomson Wellth, a subsidiary of the Group, is a health and wellness concept launched in January 2017 that provides a suite of upstream preventive care services including health screenings, sports medicine and medical aesthetics tailored to suit individual needs. Growing its existing range of health supplements and skincare products, Thomson Wellth has expanded its range of skincare products with 14 new products comprising cleansers, toners, serums, moisturisers, restoration creams and eye gels, to help patients' look well and feel good.

In addition, our doctors and specialists have introduced Thomson Wellth's NR+R supplement, combining carefully selected ingredients in a single convenient, anti-ageing formula to preserve and improve healthy cognitive function in ageing adults, slow down the ageing process, promote

Thomson Wellth's skincare range of products

Thomson Wellth's range of supplements

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healthy insulin sensitivity and inflammatory response, and protect against the effects of a high-fat diet.

Going beyond physician-centric episodic care, patients at Thomson Wellth Clinic are empowered to manage their health and wellness through digital medicine. Thomson Wellth@Paragon introduced a monitoring service named the T-Bar where patients can seek advice from a qualified health coach who analyses and make recommendations tailored to each patient's health screening report. Patients are then able to synchronise their health readings and parameters to stay in touch with our health coach through wearable technology.

Initiatives

Integrated Management System (ISO 9001:2015, ISO 14001:2015, ISO 45001:2018)

The Quality, Environmental and Occupational Health & Safety Integrated Management System is a comprehensive system of documenting and managing a set of internationally recognised quality standards. These standards are strategic tools that help businesses gain a competitive advantage through products and services that are safe, reliable and trustworthy for internal and external interested parties. They seek to harmonise the processes to reduce waste and costs. Recognising the evolving healthcare risk landscape, TMC's senior management made a strategic business decision to embark on the certification of Integrated Management System (IMS) of ISO 9001:2015, ISO 140001:2015 and ISO 45001:2018 across all departments within Thomson Medical Centre, to adopt an approach to reduce duplication in the organisation, better manage risks and create a robust set of IMS manuals and procedures.

As part of the process, a two-day interactive workshop was conducted to provide relevant staff knowledge on the fundamentals of ISO 9001, ISO 14001 and ISO 45001 frameworks and the tremendous amount of commonality in requirements and expectations between them. Participants thoroughly discussed potential system and process gaps through the lens of the ISO frameworks, and understood the importance of contextualisation, interfaces, policies and procedures required to control risks in the systems and processes. The contributions made at the workshop will enable TMC to plan processes and instill risk-based thinking into the hospital's daily operations, improving the overall health and safety within TMC.

Community Engagement

As we grow and move towards our vision of establishing an integrated private health system to serve the needs of Singaporeans and other communities we operate in, we will continue to stay focused on our key growth pillars of obstetrics and gynaecology, paediatrics, fertility, oncology, preventive health and wellness. While healthy lifestyles, good doctoring and medical advances help people to stay healthier and live longer, some of us still fall through the cracks. Every year, some people are stricken by a terminal illness. While we help people be well and stay well, it is also important to remember those who do not have the ability to help themselves. In conjunction with Thomson Medical's 40th Anniversary, we came together as a family to support the Rare Disease Fund (RDF) – a charity fund that provides long-term financial support for patients with rare diseases requiring treatment with high cost medicines. In total, to commemorate our 40th Anniversary, Thomson Medical and its staff raised a total of $40,000 for the RDF and for a good cause.

Continuing our support to encourage students to choose nursing as a profession, Thomson Medical continued to sponsor the Thomson Medical Final Year Nursing Student Award 2019 – established to recognise the top student pursuing the Bachelor of Science with Honours in Nursing degree programme at Singapore Institute of Technology (SIT).

With our deep expertise in obstetrics and post-natal care, we have an on-going collaboration with the Women's Initiative for Ageing Successfully (also known as WINGS) for our experienced ParentCraft educators to train and equip mature women with up-to-date knowledge and practical skills for infant and confinement care so that they may work as confinement nannies. To date, we have trained almost 80 women, supporting them to age successfully.

MALAYSIA OPERATIONS

Expansion

The expansion of the Group's hospital in Malaysia, Thomson Hospital Kota Damansara (THKD) is targeted for completion by 2Q 2021. Upon completion, the increased capacity of 600 beds and more than 100 specialist clinics will make THKD one of the largest private hospitals in the Klang Valley. The hospital will also house a state-of-the-art Cancer & Radiosurgery Centre and Nuclear Medicine Centre. The Group aims to complete the project at Thomson Iskandar Medical Hub within 24 months after the Rapid Transit System (RTS) Link project is fully operational. Outside the hospital, TMC Fertility's (TMCF) new flagship centre at Puchong Financial Corporate Centre is scheduled to be operational in 2H 2020. The new centre will cement TMCF's position as the domestic IVF market leader.

Disaster Response Exercise

On the 31st of October, THKD successfully conducted the Kota Damansara Disaster and Response Exercise (KD DiREx 2019). Spearheaded by THKD's Emergency Department with the partnership of Hospital Sungai Buloh, the exercise

The expanded Thomson Hospital Kota Damansara will house 600 beds

TMC Fertility's flagship centre at Puchong Financial Corporate Centre

aims to prepare THKD to better serve the needs of the Kota Damansara community in the event of a real disaster.

New services

THKD recruited six new consultants specialising in the following disciplines: Anaesthesiology, Cardiothoracic Surgery (Paediatric/Congenital Cardiac Surgery), Cardiology & Electrophysiology, Gastroenterology & Hepatology and Sports Medicine. Under Allied Health, THKD introduced podiatry and clinical psychology services, expanding the range of specialist services offered to patients. Additionally, THKD also welcomed Medical Director, Dato' Dr Mohd Hamzah Kamarulzaman who will contribute to the planning of future medical services within the hospital and oversee the upgrading of clinical standards.

To help patients and staff reduce infection risk and maintain social distancing at the hospital, THKD introduced a series of "Drive-Thru" services which include medication dispensing and home delivery of medication (MedEx), vaccination for adults, flu vaccination packages and drawing blood for tests. In addition, a Fast Track Paediatric Vaccination service was also launched, allowing patients to register and pay for the service online, thereby minimising time spent at the hospital.

Looking to improve customer satisfaction, THKD rolled out a new Patient Experience Management platform to allow real time escalation of complaints. The platform also serves as a customer feedback mechanism to drive service improvement.

TMC Care Pharmacy has expanded to tap into the flourishing e-commerce space. Besides active listings on Lazada Malaysia

Thomson Medical staff managing COVID-19 serology testing operations

OPERATIONS REVIEW

and Shopee Malaysia, the pharmacy also launched its own e-commerce store (www.tmccarepharmacy.com) to cater to local and Singaporean customers. Online shoppers in Malaysia can have their orders conveniently delivered right to their doorstep as an added service.

SUPPORTING THE FIGHT AGAINST COVID-19

As the COVID-19 situation escalated and the Ministry of Health upgraded Singapore's Disease Outbreak Response System Condition (DORSCON) status to Orange, TMC imposed tighter access and infection control measures to protect the health and safety of our patients and staff. This included deploying back office staff to manage visitor control measures and conduct temperature screening for all patients and visitors at the hospital's entrance. TMC also set up external facilities just outside the hospital premises to triage, segregate and manage patients with fever and respiratory symptoms. Thomson Medical also responded to the Ministry of Health's (MOH's) call for medical manpower by deploying our doctors and nurses to community care facilities at the Singapore Expo during the Circuit Breaker period, to take care of the medical needs of foreign workers diagnosed with COVID-19. In addition, we also supported MOH's nationwide efforts against COVID-19 by managing serology testing operations for foreign workers housed at the dormitories and isolation facilities.

Over in Malaysia, Thomson Hospital Kota Damansara (THKD) supported the Malaysian government's strategy to test as many people as possible for COVID-19 by launching a drive-through COVID-19 screening service. The service screened a total of about 9,000 people, referring positive cases to designated hospitals for isolation and treatment. THKD also

COVID-19 Screening Operations at THKD

Thomson Medical staff supporting COVID-19 operations

Clinical staff at Thomson Medical Centre managing patients at risk

Drive-through COVID-19 screening at Thomson Hospital Kota Damansara

set up screening operations at the main entrance, established the Communicable Disease Screening Centre, and developed new SOPs for admitting and treating patients. Thermal scanners were also rolled out hospital-wide to register and monitor the health status of all employees and consultants as well as patients and visitors.

TECHNOLOGY

Cybersecurity

Thomson Medical continues to place great value on the trust patients place in us to deliver proper care and manage their data securely. As such, TMC has collaborated with a secure mobile messaging platform to deploy a secured Instant Messaging (IM) tool that supports secure communications and effective collaboration at work. In addition, regular cybersecurity vulnerability assessments on critical systems will be conducted to identify potential flaws and secure our systems against known vulnerabilities.

Telemedicine

As the world and economy slowly re-opens amidst the COVID-19 pandemic, patients will still continue to minimise physical visits to medical practitioners where possible to stem the spread of COVID-19. Telehealth solutions will allow doctors to conduct consultations with patients in a safe manner. In June 2020, Thomson Medical partnered OCBC Bank via the HealthPass mobile app to allow patients to have access to Thomson Medical's specialists via video consultations and to receive medication delivered to their doorstep.

Similarly in Malaysia, THKD also launched Thomson Hospital Online (THO) – a telehealth platform that enables patients to consult doctors, obtain prescriptions and have medications delivered to their doorstep. The next phase of THO will see more services such as dietetics and rehab so as to provide greater convenience to their patients.

Ultragram

Ultragram is a mobile app that is designed to deliver patients' ultrasound images digitally so that they can have access to these images throughout their pregnancy. Moving away from hardcopy image scans or discs, Thomson Medical's patients will now be able to view, store and even share their ultrasound images via the Ultragram platform. There are plans to scale up the app to become a personal repository for all radiology service scans done at Thomson Medical.

Public Education – Webinars

Through the years, it has been TMC's mission to educate parents and parents-to-be, preparing them for their journey into pregnancy and parenthood through meetings and seminars. The restriction on large-scale events due to COVID-19 is unlikely to be lifted soon and as such, we have to adapt and reach out to audiences remotely via technology and digital means. TMC has successfully conducted its first few pregnancy webinars, where attendees could continue to pick up tips and insightful information from our panel of expert speakers comprising doctors, TCM physicians and Lactation Consultants from the comfort and safety of their own homes. To foster greater engagement, participants can also opt to have Confinement Food tasting bentos delivered to their homes before the webinar, so that they can experience the actual food as our experts impart their knowledge about nutrition during these webinars. With the encouraging results from the initial webinars, it is likely that this mode of

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digital education will continue even post COVID-19, as TMC continues to innovate and adapt in a world where the only constant is change.


TMC continues to reach out to parents through webinars

Electronic Medical Records (EMR)

In line with the Government's initiative to have a national medical record system, the implementation of EMR will help to streamline data entry, minimise paper records and reduce transcription errors. Through the integration of medical devices to EMR, patient data can be automatically and accurately collected, leaving nurses with more time to focus on patient care. Concurrently, doctors will be able to obtain test results promptly, improving the patient care process. With the full digitisation of information, patients will also be able to automatically obtain their discharge summaries, enhancing efficiency and turnaround time.

In light of global travel restrictions imposed by the COVID-19 pandemic, the EMR project's completion date has been delayed.

HUMAN RESOURCES

Healthcare is at the end of the day still a high-touch business. As such, the skills and experience of our people are still key to building relationships with our patients. We therefore invest heavily in the training and development of our people so as to attract and retain quality staff.

In 2020, Singapore employees have attended more than 110 training courses and developmental programmes specific to their roles, equipping themselves with new skills and knowledge to take on larger roles in the organisation and better serve our ever-growing patient base. In a medical landscape where change is the only constant, the Group also focuses on the continuous professional development of our doctors and nurses, through conferences, seminars and training workshops, so that they are at the forefront of medical excellence. Similarly, the Group invests resources to train and upgrade the skills of our allied health professionals and TCM physicians.

All front line staff attend our renowned Thomson Angels Service program to ensure that Thomson Medical's ethos and values are evident in all that we do. Likewise in Malaysia, the Group has invested heavily in the development and training of its staff. In 2020, Malaysian employees clocked almost 58,000 training hours in total to help staff in the areas of improving quality outcomes, leadership, teamwork, customer experience, communications and interpersonal skills.


Staff training is a key pillar of developing all Thomson Medical staff

AWARDS

SHQSA 2019

Thomson Medical Centre:
21 Gold and 49 Silver Awards

SHQSA 2020

Thomson Medical Centre:
17 Gold and 50 Silver Awards

Singapore Tatler's Best Beauty Aesthetics

- Thomson Wellth Clinic

Parents World Best of the Best 2019

- Thomson Medical Centre: Best Private Hospital for Maternity Healthcare
- Thomson Medical Centre: Most Nutritious Confinement Food Service

SAC-Singapore Laboratory Accreditation Scheme

- Thomson Prenatal Diagnostic Laboratory: ISO 15189 Standard

Parents World Best of the Best 2020

- Thomson Medical Centre: Best Private Hospital for Maternity Healthcare
- Thomson Medical Centre: Best Traditional Chinese and Muslim Confinement Food Service

Global Health and Travel 2019

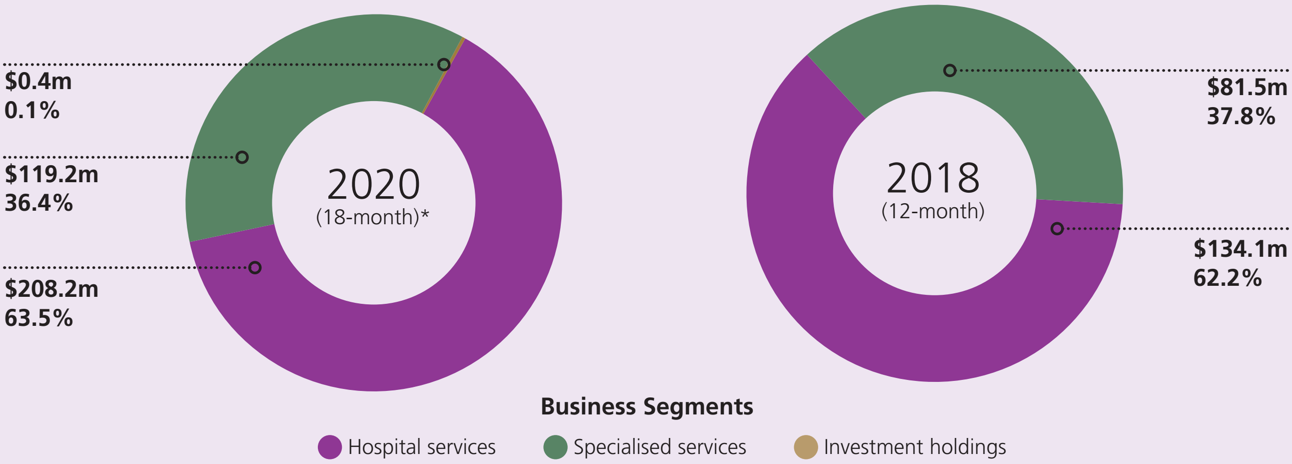
- Thomson Paediatric Centre: Paediatric Service Provider of the year
- Thomson Wellth Clinic: Health Screening provider of the year

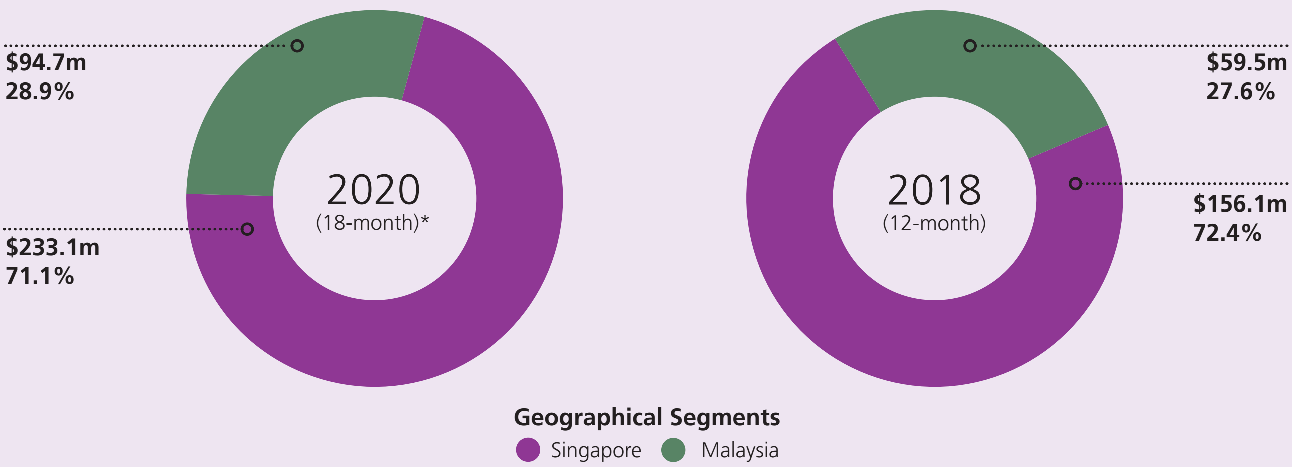
IMTJ Medical Travel Awards 2019

- THKD: Best Quality Initiative 2019

FINANCIAL HIGHLIGHTS

REVENUE CONTRIBUTED BY SEGMENTS





Total Assets[c]

FY2018 1,489.1m
FY2020* **1,294.3m**

1,294.3m
▼ 13.1%

Net Assets Value per share[c]

FY2018 2.74¢
FY2020* **2.09¢**

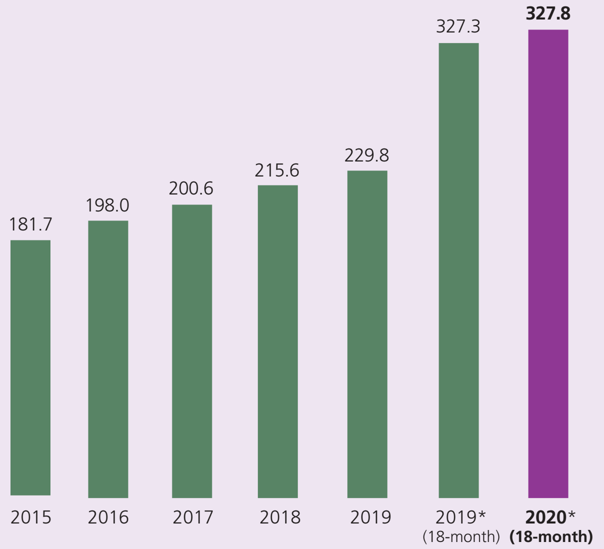
2.09¢
▼ 0.65¢

Equity Attributable to Owners[c]

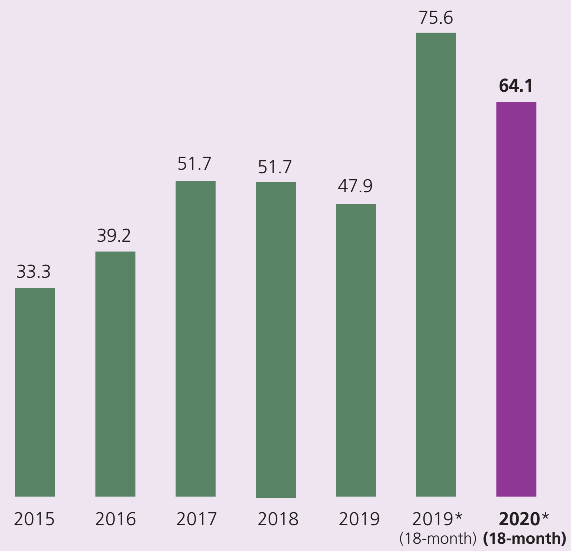
FY2018 714.0m
FY2020* **477.9m**

$477.9m
▼ 33.1%

Revenue ($million)



Adjusted EBITDA ($million)



$million	2015 (Proforma)	2016 (Proforma)	2017 (Unaudited)	2018 (Audited)	2019 (Unaudited)	2019* (Unaudited)	2020* (Audited)
Financial Performance[(a)]							
Revenue	181.7	198.0	200.6	215.6	229.8	327.3	**327.8**
Adjusted EBITDA[(b)]	33.3	39.2	51.7	51.7	47.9	75.6	**64.1**
Adjusted operating profit[(b)]	23.6	29.2	34.7	40.2	37.5	59.2	**48.0**
(Loss)/Profit before tax	(14.6)	22.3	27.5	22.0	14.7	30.1	**(79.5)**
(Loss)/Profit after tax	(19.8)	14.8	21.1	14.7	3.1	18.8	**(93.9)**
Financial Position							
Cash and bank balances	140.6	117.9	123.9	121.7	110.9	121.3	**160.0**
Debt and borrowings	199.1	199.4	199.9	578.3	570.8	571.6	**649.3**
Total assets[(c)]	1,600.9	1,518.8	1,514.0	1,489.1	1,337.8	1,312.3	**1,294.3**
Net assets[(c)]	733.3	736.5	740.7	784.1	656.5	653.4	**552.9**
Shareholders' equity[(c)]	618.1	627.2	625.4	714.0	579.9	578.3	**477.9**

(a) Financial performance from continuing operations of Healthcare Business

(b) Adjusted for effect of SFRS(I) 16 Leases, non-cash impairment and one-off transactions and non-recurring costs

(c) On 31 January 2019, the Group completed the distribution in-specie by way of capital reduction of its Real Estate Business

* *The Group's financial year end has changed from 31 December to 30 June. FY2020 consists of 18-month period from 1 January 2019 to 30 June 2020. FY2019 refers to 18-month results from 1 January 2018 to 30 June 2019 presented for comparison purposes.*

STEEPED IN TRADITION VESTED IN THE FUTURE

CORPORATE GOVERNANCE REPORT

The Directors and Management of Thomson Medical Group Limited ("**TMG**") are committed to achieving and maintaining high standards of corporate governance, to promote corporate transparency and to enhance shareholder value. It firmly believes that a good corporate governance is essential to the sustainability of the Company's business and performance.

This corporate governance report outlines the main corporate governance policies, processes and practices adopted by TMG during the financial period from 1 January 2019 to 30 June 2020 (FY2020) with specific reference to each of the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"). To the extent where any provisions have not been fully complied with, appropriate explanations have been provided in the relevant sections.

A: BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

The primary role of the Board is to oversees the affairs of the Company, provide leadership and set the overall business direction of the Group. The Board constantly seek to protect long-term shareholder value and enhance the returns to the Company.

The Board's principal duties and responsibilities (besides statutory responsibilities) are to:

(a) Provide entrepreneurial leadership, and set strategic objectives, which should include appropriate focus on value creation, innovation and sustainability;

(b) Ensure necessary resources are in place for the Group to meet its strategic objectives;

(c) Establish and maintain a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(d) Monitor and review the performance of the management;

(e) Identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;

(f) Set the Group's value and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and duly met; and

(g) Consider sustainability issues such as environmental and social factors as part of its strategic formulation

The Group has in place a Code of Conduct and Ethics (including Conflicts of Interest), which sets the appropriate tone-from-the top, the desired organisational culture, and ensures proper accountability within the Company. Directors are expected to objectively discharge their fiduciary duties and responsibilities in the interest of the Company and avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of TMG. Where a Director has a conflict of interest, or it appears that he or she might have a conflict of interest, in relation to any matter, he or she should immediately declare his or her interest at a meeting of the Directors or send a notice to the Company containing details of his or her interest and the conflict, and recuse himself or herself from participating in any discussion and decision on the matter. Directors are updated on the latest relevant statutory and legal requirements from time to time to enable them to discharge their responsibilities effectively and be familiar with current corporate governance best practices to ensure proper accountability within the Company.

Matters Requiring Board Approval

The Company has in place the Financial Authority Limit Policy ("**FAL**") which was approved by the Board as the mechanism through which the Board or its delegate approves transactions and financial commitments within the Company and its subsidiaries. It is the responsibility of the management to ensure that transactions presented to the Board for approval have satisfied all other Group policies and procedures. The FAL covers the authorisation limits of the Group's activities such as investment activities, financing and debt management and capital and operating expenditure.

CORPORATE GOVERNANCE REPORT

Matters that require the Board's decision and approval include:

(a) Major funding proposals, investments, acquisitions and divestments including the Group's commitment in terms of major capital and other resources;

(b) The annual budgets and financial plans of the Group;

(c) Interim and full year results announcements;

(d) Approval of the annual audited accounts;

(e) Internal controls and risk management strategies and execution;

(f) Appointment of directors and key management staff, including review of their performance and remuneration packages; and

(g) Any matter which the Board considers significant enough to require the Board's direct attention or would be critical to the proper functioning of the Company or its business.

Delegation of duties by the Board

To assist the Board in the execution of its duties, the Board has delegated specific authority to the following Board Committees, which function within the respective terms of reference approved by the Board.

(a) Audit and Risk Committee ("**ARC**"); and

(b) Nominating and Remuneration Committee ("**NRC**")

Audit and Risk Management Committee has been renamed to Audit and Risk Committee to better reflect the roles and responsibilities of the committee in assisting the Board to oversee the risk management of the Company. Each of these Board Committees has its own term of reference setting out its role, authority, procedures and qualifications for membership.

Details of these Board Committees are set out further below in this report.

Investment Committee
Corporate Disclosure Committee

Since the reconstitution of the Board Committee in April 2019 and following an on-going review, the Investment Committee ("**IC**") and Corporate Disclosure Committee ("**CDC**") were dissolved and their functions are now subsumed within the Board with an aim to improve functional efficiency and effectiveness.

Key features of board processes

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened, if requested by the Board or if warranted by circumstances deemed appropriate by the Board. All Board and Board Committee meetings are planned and scheduled well in advance, in consultation with the Directors. In between scheduled meetings, matters that require the Board's approval, are circulated to all Directors for their consideration and decision. As provided for in the Company's Constitution, Directors may also participate in Board meetings by tele-conferencing and/or video-conferencing. Six Board meetings were held during the financial period from 1 January 2019 to 30 June 2020 (FY2020).

As part of good corporate governance, all Directors are invited to attend meetings held by the ARC and the NRC. All written resolutions passed and minutes of meetings held by these various Board Committees are circulated to the Board for information and review, including all appropriate recommendations for approval by the Board.

CORPORATE GOVERNANCE REPORT

Apart from board meetings, important or urgent matters concerning the Group are also presented for the Board's information or decision by way of written resolutions, electronic mail or telephone conferencing.

A Director who is unable to attend any meeting in person may participate via tele-conference. While the Board considers directors' attendance at Board meetings to be important, it is not the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms including level of discussion at board meetings, provision of guidance and advice on various matters relating to the Group. The Board also considers the other directorships and principal commitments held by the Directors to ensure that they have not compromised the time and attention devoted to the discharge of their duties to the Company.

Attendance at Board and Board Committee Meetings

The table below sets out the attendance at meetings convened during the financial period under review.

Name of director	Nature of appointment	Board	ARC	NRC[a]
Number of Meetings		**6**	**5**	**1**
Number of meetings attended				
Ng Ser Miang	Chairman, Independent, Non-Executive	6	4	1
Dr Wong Chiang Yin[1]	Executive	1	1	–
Wilson Sam[2]	Executive	4	4	–
Heng Kim Chuan Freddie	Non-Executive	6	5	1
Lim Wee Kiat[3]	Non-Executive	4	4	–
Ong Pang Liang	Independent, Non-Executive	6	5	1
Dr Lam Lee G[4]	Independent, Non-Executive	4	4	–
Quek Hong Sheng Roy[5]	Non-Executive	4	4	1
Gary Ho Kuat Foong[6]	Independent, Non-Executive	2	1	1
Chan Lay Hoon[7]	Non-Executive	–	–	–
Tan Wee Tuck[7]	Executive	1	1	–
Lai Huen Poh[7]	Executive	1	–	–

(a) In April 2019 the Nominating Committee and Remuneration Committee were merged into a new Committee, known as NRC

Notes:

(1) Dr Wong Chiang Yin was appointed Executive Director and Group Chief Executive Officer with effect from 1 February 2020
(2) Mr Wilson Sam was appointed Executive Director and Group Chief Financial Officer with effect from 15 March 2019
(3) Mr Lim Wee Kiat was appointed Non-Executive Non-Independent Director with effect from 15 March 2019
(4) Dr Lam Lee G was appointed Non-Executive Independent Director with effect from 2 May 2019
(5) Mr. Quek Hong Sheng Roy stepped down as Group Chief Executive Officer and re-designated as Non-Executive Director with effect from 16 September 2019. He resigned as Non-Executive Director with effect from 31 December 2019
(6) Mr Gary Ho Kuat Foong resigned as Non-Executive Independent Director with effect from 25 April 2019
(7) The directors resigned with effect from 31 January 2019

CORPORATE GOVERNANCE REPORT

Board orientation and training

All newly appointed Directors receive a formal letter from the Company setting out the roles and responsibilities of a Director of the Company and a set of guidance notes which explain the duties and obligations of a director under the Singapore Companies Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Securities & Futures Act. Arrangements are made for new Directors who have no prior experience as a director of an issuer listed on the SGX-ST to undergo mandatory training in his or her roles and responsibilities as prescribed by SGX-ST. Newly appointed Directors are also briefed by Management on the business, operations and financial performance of the Group, including corporate governance practices such as disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price and trade sensitive information.

The Company encourages Directors to participate in seminars, conferences and training programmes which are relevant to their role as directors. Such programmes are funded by the Company. The professional development programmes attended by some Directors in the course of FY2020, as well as in-house briefings organised by the Company Secretary for Board members, include the following:

- AC Seminar 2020 jointly organised by the Accounting and Corporate Regulatory Authority ("ACRA"), Singapore Exchange ("SGX") and Singapore Institute of Directors ("SID"); and
- Listed Entity Director Programme organised by SID.

Mr Lim Wee Kiat and Mr Wilson Sam who are first-time directors had attended the four core modules of the Listed Entity Director programme conducted by the Singapore Institute of Directors.

The Board is briefed on the strategic and business development of the Group at each quarterly board meeting by the Group CEO ("**GCEO**"). The Board is also briefed on changes to the accounting standards and regulatory updates by the external auditor, Management and the Company Secretary. The Company also organises on-site visits to the Group's key operating facilities overseas for Directors from time to time so as to enable them to have a better understanding of the Group's businesses.

Access to complete, adequate and timely information

The Board receives complete and adequate reports and discussion papers one week before scheduled Board meetings and on an on-going basis. Amongst other reports, the Board is also provided with reports from the internal and external auditors. These reports include key findings arising from interim and completed financial, operations and information technology audits for review and evaluation. The Board also receives regular updates on the industry and technological developments.

Such reports enable Directors to keep abreast of key issues and developments in the industry, as well as challenges and opportunities for the Group.

In addition to members of the Board being briefed by the GCEO at every Board meeting, the CEO of each business divisions are required to attend meetings to provide updates on the Group's business and operations. This allows the Board to develop a good understanding of the progress of the Group's business as well as the issues and challenges facing the Group, and also promotes active engagement with the key executives of the Group.

The Board has separate and independent access to the senior management and the Company Secretary at all times. Directors and Board Committees may, where necessary, seek independent professional advice, paid for by the Company.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Board Size and Board Composition

The Board, through regular reviews by the NRC, seeks to ensure an appropriate balance of experience, competencies and knowledge among the Directors to provide effective entrepreneurial leadership to the Company.

The Company has in place a Board Diversity Policy which advocates meritocracy and endorses the principle of having a board with the appropriate and right balance of skills, knowledge, experience and diversity of perspectives which can contribute effectively to the strategy and growth of the Company. In reviewing Board composition and succession planning, the NRC considers the benefits of all aspects of diversity, including diversity of skills, age, experience, gender and knowledge of the Company. A key requirement is that only individuals with broad based experiences and right skills set will be appointed to the Board. The Board has a female representation on its Board up to her resignation on 31 January 2019. The Board remains fully supportive of the policy and together with NRC will set the relevant objectives to promote gender diversity to support the long-term success of the Company.

As at the date of this report, the Board comprises 7 Directors, 3 Independent Directors, 2 Non-Executive and Non-Independent Directors and 2 Executive Directors. The Independent Directors make up of more than one-third of the Board. The Non-Executive Directors make up a majority of the Board. Each Director has been appointed on the strength of his/her calibre and experience. The Board and NRC are of the view, given the nature and scope of the Group's operations, the current size of the Board is conducive for effective discussion and decision-making.

As at the date of this report, the composition of the Board and Board Committees are set out below:–

Name of Director	Date of first appointed/last re-appointment as Director	Board	ARC	NRC
Executive Directors				
Dr Wong Chiang Yin	1 February 2020 NA	Member	–	–
Wilson Sam	15 March 2019/ 25 April 2019	Member	–	–
Non-Executive Non-Independent Directors				
Heng Kim Chuan Freddie	25 April 2018/ 25 April 2019	Member	Member	–
Lim Wee Kiat	15 March 2019/ 25 April 2019	Member	–	Member
Independent Directors				
Ng Ser Miang	1 December 2015/ 24 April 2018	Chairman	–	Chairman
Ong Pang Liang	1 January 2016/ 24 April 2018	Member	Chairman	Member
Dr Lam Lee G[(1)]	2 May 2019/ NA	Member	Member	–

(1) Dr Lam was first appointed and resigned from the Board on 26 June 2002 and 25 April 2018 respectively. He was re-appointed to the Board on 2 May 2019

CORPORATE GOVERNANCE REPORT

The current Board consists of high calibre members with a wealth of knowledge, expertise and experience. The Board has contributed valuable direction and insight, drawing from their vast experiences in matters relating to business/management, accounting/finance, industry knowledge, strategic planning, and general corporate matters.

Non-Executive Directors make up a majority of the Board. With their knowledge and competency in their respective fields, Non-Executive Directors have provided constructive advice and good governance guidance for the Board to discharge its principal functions effectively. During the year, some Independent Directors discussed company matters without key management being present and provided feedback to the Board Chairman after such discussions.

Board Independence

The NRC reviews annually whether a Director or potential candidate for the Board is considered an independent director in accordance with the criterion for independence under the Code and the Listing Rules of SGX-ST.

The Code has defined an "independent" director as one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company. Under the Listing Rules of SGX-ST, an independent director is not one who is or has been employed by the Company or any of its related corporations for the current or any of the past three financial years; or not one who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the NRC.

Each Independent Director is required to declare on an annual basis whether he/she considers himself/herself to be independent and whether he/she has any relationships which would interfere, or be reasonably perceived to interfere with the exercise of his/her independent business judgement. All Independent Directors have confirmed their independence as defined in the Code and the Listing Rules of SGX-ST. All Directors are also required to disclose their interests to the Board whenever there is a change in their interests. Taking into account the views of the NRC, the Board also assesses whether each Independent Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

The NRC has reviewed the independence of Mr Ng Ser Miang, Mr Ong Pang Liang and Dr Lee Lam G and is satisfied that there are no relationships which would deem any of them not to be independent.

The Board noted that under the Listing Rules of SGX-ST which take effect from 1 January 2022, an independent director will not be considered independent if he has served on the Board for more than nine years. Dr Lam Lee G was with the Board from 2002 to 2018. He re-joined the Board on 2 May 2019. Notwithstanding that Dr Lam has served on the Board for an aggregated period of more than 9 years, the NRC has reviewed and considers Dr Lam independent based on the substance of his professionalism, integrity, and objectivity, and not the number of years he has served on the Board.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and GCEO of the Company are separate persons and are not related. The Chairman is a non-executive and independent Director and also chairs the NRC. He sets the agenda for Board meetings, ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues, and that complete, adequate and timely information is made available to the Board. He encourages constructive relations within the Board and between the Board and management, facilitates the effective contribution of non-executive Directors, and ensures effective communications with shareholders. He takes a lead role in promoting high standards of corporate governance, with the full support of the Directors, the Company Secretary and senior management.

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The GCEO bears executive responsibility for the Group's business and implements the Board's decisions. The roles of the Chairman and the GCEO are kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Company does not have any lead Independent Director given the majority independence of the Board and that the Chairman is independent. Further, matters affecting the Chairman such as succession and remuneration are deliberated by the NRC, where majority of the members (including the Chairman) were independent Directors, and where the Chairman was conflicted, he would recuse himself and abstain from voting.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board had merged the Nominating Committee and Remuneration Committee into a new Committee, known as Nominating and Remuneration Committee ("**NRC**") in April 2019, which aimed to improve its efficiency and effectiveness in discharging its duties. The scope and responsibilities of NRC are set out in the Term of Reference approved by the Board.

The NRC currently comprises all Non-Executive Directors, the majority of whom (including the NRC Chairman) are Independent Directors.

The composition of the NRC is as follows:

Ng Ser Miang	Chairman	(Chairman, Non-Executive and Independent Director)
Ong Pang Liang	Member	(Independent Director)
Lim Wee Kiat	Member	(Non-Executive Non-Independent Director)

The Board reviews the composition of the Board and Board Committee periodically, taking into account the need for progressive renewal of the Board and each Directors' competencies, commitment, contribution and performance.

To ensure that the governance and business needs of the Group are adequately addressed, the NRC regularly reviews the capabilities of the Directors collectively by taking into account their skills, experience, diversity, and company and industry knowledge.

The NRC met once during the financial period under review ended 30 June 2020. The NRC's role is set out in its written terms of reference. The scope and responsibilities for matters relating to nomination are set out in the Term of Reference approved by the Board, which include the following:

(a) To identify candidates for nomination and make recommendations to the Board on all board appointments;

(b) To re-nominate directors, having regard to the director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director;

(c) To determine annually whether a director is independent;

(d) To develop and recommend to the Board as a process for evaluation of the performance of the Board, Board Committee and directors;

(e) To assess the effectiveness of the Board, the Board Committees and the contribution by each individual director to the effectiveness of the Board;

(f) To review and recommend to the Board the succession plans for directors, in particular, the Chairman and the GCEO;

CORPORATE GOVERNANCE REPORT

(g) To review and recommend the training and professional development programmes for the Board; and

(h) To review the succession plans and the development programme for key executive.

The NRC regularly reviews the balance and mix of expertise, skills and attributes of the Directors in order to meet the business and governance needs of the Group.

Process for selection and appointment of new directors

The Board considers the importance of putting the right people with the right range of skills, knowledge and experience together for effective governance of the Group's business. The NRC assists the Board in ensuring that the Board is comprised of individuals whose background, skills, experience and personal characteristics enhance the effectiveness of the current Board and meet its future needs.

All new appointments, selection and re-nomination of Directors are reviewed and proposed by the NRC. The NRC has access to external search consultants and resources to identify potential candidates. Board members may also make recommendations to the NRC. Shortlisted candidates are met by the Board Chairman prior to approval at Board level. Some of the criteria considered by the NRC to identify and evaluate potential Directors include the following:

- The candidate should possess knowledge and experience in areas of value to the Group, including but not limited to accounting or finance, business or management, industry knowledge, strategic planning, customer based experience or knowledge, environment and sustainability, legal or digital and geographical exposure;
- The candidate should have the aptitude or experience to understand fully the fiduciary duties of a Director and the governance processes of a publicly listed company;
- Independence of mind;
- Capability and how he/she could meet the needs of the Company and simultaneously complement the skillset of other Board members;
- Experience and track record;
- Ability to commit time and effort to discharging his/her responsibilities as a Director; and
- Reputation and integrity. The NRC also have regard to the importance of diversity when considering the richness of the Board as a whole.

Directors' time commitment and multiple board representations

Where a Director has multiple Board representations, the NRC will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director of the Company. The Board is of the view that a limit on the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors such as whether they are in full-time employment and their other responsibilities. A Director with multiple directorships is expected to ensure that sufficient attention is given to the affairs of the Group.

The NRC takes into account, among other things, in its annual review of each Director's ability to commit time to the affairs of the Company, the attendance records of the Directors at meetings of the Board and Board Committee, the competing time commitments faced by any such individual with multiple board memberships as well as their principal commitments.

The NRC is satisfied that for the financial period under review ended 30 June 2020, despite their other listed company board representations and other principal commitments, each of the Directors was able to give sufficient time and attention to the affairs of the Company, and was able to adequately carry out his/her duties as a Director of the Company.

Succession planning

The NRC regards succession planning as an important part of corporate governance and has an internal process of succession planning for the Chairman, Directors, the GCEO and senior management, to ensure the progressive and orderly renewal of the Board and key executives.

Rotation and Re-election of directors

In accordance with the Constitution of the Company and in compliance with Listing Rule 720(5), one-third of the Directors who have been longest in office since their last re-election, are required to retire by rotation at least once every three years. These Directors are eligible for re-election, subject to approval by the shareholders at the annual general meeting ("**AGM**"). New Directors will hold office only until the next AGM following their appointments and they will be eligible for re-election. Such Directors are not taken into account in determining the number of Directors who are to retire by rotation.

The NRC has, in its deliberations on the re-appointment of existing Directors, taken into consideration the relevant Director's contribution and performance. The assessment parameters include attendance record and degree of participation at meetings of the Board and Board Committees as well as the quality of participation and contributions.

The Board has accepted the NRC's recommendation to seek approval from shareholders at the forthcoming AGM to re-elect the following Directors, who will be retiring under the respective provisions of the Constitution of the Company and are eligible for re-election:

1. Mr Ng Ser Miang (retiring under Article 105(2))
2. Mr Ong Pang Liang (retiring under Article 105(2))
3. Dr Wong Chiang Yin (retiring under Article 106)
4. Dr Lam Lee G (retiring under Article 106)

The NRC had recommended to the Board that Directors who have served for more than nine years and wish to remain as Independent Directors, be subjected to a two-tiered voting process when they seek re-election at the shareholders' general meeting immediately preceding 1 January 2022. The two-tiered voting will involve the approval by shareholders in two separate resolutions to be approved by (i) shareholders; and (ii) all shareholders, excluding shareholders who also serve as the Directors or the GCEO of the Company and associates of such Directors and GCEO.

PRINCIPLE 5: BOARD PERFORMANCE

The NRC reviews the performance of the Board, Board Committees and individual Directors on an annual basis, based on performance criteria as agreed by the Board, and decides how this may be evaluated.

The Board evaluation process involves having Directors complete a questionnaire seeking their views on various aspects of the performance of the Board and Board Committees, such as Board composition, information, process and accountability. The Company Secretary compiles Directors' responses to the questionnaire into a consolidated report. The report is discussed at the NRC meeting and also shared with the Board.

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The Company also conducted a peer and self-evaluation to assess the performance of individual Directors. Performance criteria include factors such as the Director's attendance, preparedness, candour, participation and contribution at Board meetings, industry and business knowledge, functional expertise, and commitment and dedication. The results of the peer and self-evaluation are compiled by the Company Secretary and reviewed by the NRC. The assessment will then be discussed with the Chairman.

The NRC, having assessed the performance of the Board, Board Committees and the contributions by the Chairman and each individual director for FY2020, is pleased to report that there were no significant issues that warrant the Board's attention. The results of the assessments were satisfactory and accepted by the Board.

B: REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Matters concerning remuneration and compensation packages for senior management and the Executive Directors are determined and reviewed by the NRC, after giving due regard to the financial and commercial health, and business needs of the Group. The NRC has 3 members and is fully made up of Non-Executive Directors, the majority of whom, including the NRC Chairman, are Independent Directors. No Director is involved in deciding his or her own remuneration.

The Company has consolidated the functions of both the nominating and remuneration committees under the umbrella of the NRC as a single Board Committee. The scope and responsibilities for matters relating to remuneration are set out in the Term of Reference approved by the Board, which include the following:–

(a) review and recommend to the Board of Directors a framework of remuneration for the Board, GCEO and key management personnel;

(b) review and recommend to the Board the specific remuneration packages for each director, the GCEO and key management personnel;

(c) review all aspects of remunerations, including but not limited to directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits in kind;

(d) review and administer the share and other incentive scheme(s) adopted by the Company and to decide on the allocation to eligible participants under the said scheme(s); and

(e) review the Company's obligations arising in the event of termination of the executive directors' and key executives' contracts of service, where required, so as to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has access to expert advice from independent consultants on remuneration policies as and when necessary. The expense of such services shall be borne by the Company. The NRC shall ensure that remuneration consultants, if engaged, shall be free from any relationships with the Company which might affect their objectivity and independence. The expenses of such professional services shall be borne by the Company. For the financial period under review, there was no engagement of remuneration consultant.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The NRC reviews and recommends to the Board, the remuneration framework for the Directors, GCEO and key management personnel taking into account the long term interests and risk policies of the Group. The remuneration packages for Directors are structured to promote good stewardship of the Company and to retain and motivate the Executive Directors and key management personnel to contribute to the management of the Group to achieve long term success of the Group.

Directors' Remuneration

The NRC reviews the framework for Non-Executive Directors' remuneration taking into consideration the demands and responsibilities of the Non-Executive Directors, prevailing market conditions and referencing directors' fees against comparable benchmarks, while bearing in mind the overall performance of the Group. Each Non-Executive Director's remuneration comprises a basic fee. The Chairman of each Board Committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried by that office.

The NRC is of the view that the fee structure of the Non-Executive Directors is appropriate to their level of contribution and does not compromise their objectivity and independence. The total fees payable to Directors are subject to approval by the shareholders at the AGM.

The remuneration policy for the Executive Directors consists of two key components, that is, fixed cash and annual variable. The fixed component includes salary, provident fund contributions and other allowances. The variable component comprises a performance-based bonus which is payable on the achievement of individual and corporate performance targets and takes into account the risk policies. Executive Directors are not paid directors' fees. The remuneration policy has been endorsed by the NRC and the Board.

Key management personnel

The remuneration structure for the Company's top key management personnel comprises both fixed and variable components. The fixed component is in the form of a base salary, provident fund contributions and other allowances. The variable component is determined annually based on achievement of specific key performance indicators ("KPIs") which are clearly set out for each management personnel each financial year and such KPIs comprise both quantitative and qualitative factors.

PRINCIPLE 8: DISCLOSURE OF REMUNERATION

Directors' remuneration

Details of Directors' remuneration for the financial period under review from 1 January 2019 30 June 2020 are set out below:–

Remuneration band	Number of Directors	
	2020[(1)]	**2018**
$500,000 and above	2	1
$250,000 and below $500,000	1	2
Below $250,000	9	6

(1) Included pro-rated Directors' remuneration payable to directors who resigned from the Board during the financial period

Whilst the Code recommends that the Company fully disclose the remuneration of each individual Director and the GCEO on a named basis, the Company has, given the confidentiality and commercial sensitivity of remuneration matters and the highly competitive environment in the industry, opted not to disclose the total remuneration of each individual Director in dollar terms to maintain confidentiality of the remuneration packages of these Directors. For the same reasons, the Company also does not provide an upper limit to the remuneration band of "$500,000 and above".

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Director's compensation

A summary of the compensation for each individual Director for the financial period under review from 1 January 2019 to 30 June 2020 is as follows:–

	Directors' Fees (%)	Base/Fixed Salary (%)	Bonus and Other allowances (%)	Employee share options[1] (%)	Total (%)
Ng Ser Miang	100	–	–	–	100
Dr Wong Chiang Yin	–	89	11	–	100
Wilson Sam	–	92	8	–	100
Heng Kim Chuan Freddie	84[2]	–	–	16	100
Lim Wee Kiat	100	–	–	–	100
Ong Pang Liang	100	–	–	–	100
Dr. Lam Lee G	100[2]	–	–	–	100
Quek Hong Sheng Roy[3]	–	88	10	2	100
Gary Ho Kuat Foong[4]	92[2]	–	–	8	100
Chan Lay Hoon[5]	100	–	–	–	100
Tan Wee Tuck[5]	–	97	3	–	100
Lai Huen Poh[5]	–	98	2	–	100

Notes:
1. *Relate to the employee share option scheme granted by TMC Life Sciences Bhd. The fair value of these options were estimated at the respective grant dates using the black scholes model.*
2. *Include director's fee and other allowance received from TMC Life Sciences Bhd*
3. *Resigned on 31 December 2019*
4. *Resigned on 25 April 2019*
5. *Resigned on 31 January 2019*

Mr Lim Wee Kiat is the son of Mr Lim Eng Hock, a controlling shareholder of the Company.

Key management personnel's remuneration ("KMP")

The Code requires the remuneration of at least the top five key management personnel who are not in the capacity of a Director or the GCEO within bands of $250,000, to be disclosed. However, due to confidentiality and commercial sensitivities of remuneration matters and the highly competitive environment in the industry, the Company believes that the disclosure of the remuneration of individual executives is disadvantageous to the business interest and long-term performance of the Group.

The Company had also not disclosed the total remuneration paid to its top five key management personnel (who are not Directors or the GCEO) on a named basis or in aggregate, having regard to the sensitive and confidential nature of key executives' remuneration matters and to ensure the Company's competitive advantage in the retention of its key executives.

The Company adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Company's and individual performance. The NRC approves the bonus for distribution to staff based on the Company's and individual's performance.

The remuneration of the Executive Directors has been disclosed under the table for Directors' compensation and is accordingly not included in the table for KMP's remuneration below.

	No of executives	Base/Fixed Salary (%)	Bonus and Other allowances (%)	Employee share options[1] (%)	Total (%)
$500,000 and above	1	78	22	–	100
$250,000 and below $500,000	1	64	34	2	100
$250,000 and below $500,000	1	74	26	–	100
$250,000 and below $500,000	1	85	15	–	100
$250,000 and below $500,000	1	87	13	–	100

Note:
1. *Relate to the employee share option scheme granted by TMC Life Sciences Bhd. The fair value of the option was estimated at the grant dates using the black scholes model*

No termination, retirement and/or post-employment benefit was granted to any Director, the Chairman or the key executives for the financial period under review.

We have a share option scheme known as the "TMG Share Option Scheme 2012" which was approved by shareholders at the extraordinary general meeting held on 26 June 2012. The key terms of the share option scheme are set out in the circular dated 11 June 2012. No options have been granted under the scheme.

In addition, we have a share incentive scheme known as the "Share Grant Plan 2015" which was approved by shareholders at our extraordinary general meeting held on 29 April 2015. The key terms of the share incentive scheme are set out in the circular dated 14 April 2015. No shares have been awarded under the scheme.

Remuneration of employees who are immediate family members of a controlling shareholder or director

No employees who are substantial shareholders of the Company or are immediate family members of a director, the GCEO or a substantial shareholder of the Company, and whose remuneration exceeded $100,000 during the year under review. Immediate family member is defined as a spouse, child, adopted child, step-child, brother, sister or parent.

C: ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and it recognises the importance of a sound system of risk management and internal controls as part of good corporate governance. There is no separate risk committee. The Audit and Risk Committee ("**ARC**") supports the Board in its oversight of the Group's system of internal controls and risk management.

The ARC is in turn advised by the internal auditors who review the adequacy and effectiveness of the material internal controls, including financial, operational, compliance and information technology controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARC.

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During the financial period under review, the ARC had reviewed the reports submitted by the internal auditors relating to the audits conducted to assess the adequacy and the effectiveness of the Company's internal control systems put in place. Any non-compliance or lapses in internal controls, together with recommendation for improvement were presented to the ARC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored. In addition, any control weaknesses in financial reporting identified in the course of the statutory audit, if any, are highlighted by the external auditors to the ARC.

Based on the work performed by the internal auditors, the statutory audit by the external auditors and reviews performed by management, the Board, with the concurrence of the ARC, is of the opinion that the Company has adequate and effective risk management systems and internal controls in place to mitigate critical and significant risks in the following areas: Financial, Operational, Compliance and Information Technology Risks.

While no system can provide absolute assurance against material loss or financial misstatement, the Company's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, the proper accounting records are maintained, and that the financial information used within the business and for publication is reliable. In reviewing these controls, the Directors have had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

The ARC reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company. In addition, the ARC has received and reviewed a formal assurance from (a) the GCEO and Group Chief Financial Officer ("**GCFO**") that the financial records of the Group have been properly maintained and the financial statements in respect of FY2020 give a true and fair view of the Group's operations and finances and (b) the GCEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

PRINCIPLE 10: AUDIT COMMITTEE

The ARC currently comprises three members, the majority of whom including the ARC Chairman, are Independent Directors.

Mr Ong Pang Liang	Chairman	(Independent Director)
Mr Heng Kim Chuan, Freddie	Member	(Non-Executive Non-Independent Director)
Dr Lam Lee G	Member	(Independent Director)

All members of the ARC are Non-Executive Directors. None of the ARC member is a former partner or director of the existing auditing firm or auditing corporation. The Board is of the view that the members of the ARC are appropriately qualified and have recent and relevant accounting/financial management expertise or experience to discharge the functions of the ARC. The ARC serves as a channel of communication between the Board and the internal auditors. Five ARC meetings were held during the financial period from 1 January 2019 to 30 June 2020.

During the financial period under review, the ARC met the Company's internal and external auditors without the presence of management to review the accounting, auditing and financial reporting matters. This is to ensure that an effective control environment is maintained in the Group. The ARC also reviews proposed changes in accounting policies and discusses the accounting implications of major transactions. In addition, the ARC also advises the Board regarding the adequacy of the Group's internal controls and the content and presentation of its quarterly and annual financial statements.

Specifically, the key responsibilities of the ARC include:–

(i) review the annual audit plans and audit reports of external and internal auditors;

(ii) review the half-yearly and full-year financial statements of the Group prior to their submission to the Board;

(iii) review the significant financial reporting issues and judgements made by management so as to ensure the integrity of the financial statements and any formal announcements relating to financial performance of the Group;

(iv) review the assurance provided by the GCEO and GCFO regarding the financial records being properly maintained and the financial statements giving a true and fair view of the Group's operations and finances;

(v) review and report to the Board at least annually the adequacy and effectiveness of the risk management and internal control systems, including financial, operational and compliance and information technology controls;

(vi) review and make recommendations to the Board on the appointment, re-appointment and removal of the external and internal auditors, and approving the remuneration and terms of engagement of the external auditors;

(vii) review the scope, results and effectiveness of the external and internal audits, and the independence and objectivity of the external and internal auditors annually, and the nature and extent of non-audit services supplied by the external auditors so as to maintain objectivity;

(viii) review interested person transactions ("**IPT**") to consider whether they are on normal commercial terms and are not prejudicial to the interests of the Group or its minority shareholders; and

(ix) review the Company's whistleblowing policy, and to ensure that arrangements are in place for concerns about possible improprieties in matters of financial reporting or other matters to be raised and independently investigated, and for appropriate follow-up action to be taken.

The ARC is authorised to investigate any matter within its terms of reference, full access to and co-operation of the management and full discretion to invite any Director or management to attend its meetings. To enable it to discharge its functions properly, the ARC, through management, has access to external counsels and consultants.

Key Audit Matters

The external auditors have set out the key audit matters in respect of FY2020 in the Independent Auditor's Report on pages 52 to 56 of the Annual Report. The ARC has reviewed and concurred with the basis and conclusions included in the Independent Auditor's Report with respect to the key audit matters.

External Auditors

The ARC discussed with the external auditors the audit plan, and the report on the audit of the year-end financial statements; reviewed the external auditor's management letter and management's responses thereto; and reviewed the external auditor's objectivity and independence from management and the Company. In assessing independence, the ARC reviewed the fees and expenses paid to the external auditors, including fees paid for non-audit services during the year. The ARC is of the opinion that the auditor's independence has not been compromised. Details of the aggregate amount of fees paid to the external auditors for FY2020, and a breakdown of the fees in total for audit and non-audit services respectively, can be found on page 93 of the Annual Report. Accordingly, the ARC has recommended the re-appointment of the external auditors at the forthcoming AGM.

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The Company appoints Ernst & Young LLP which is a firm registered with the Accounting and Corporate Regulatory Authority for the audit of the Company and its Singapore incorporated subsidiaries and member firms of Ernst & Young Global for its significant foreign incorporated subsidiaries.

In appointing the audit firms for the Group, the ARC is satisfied that the Company has complied with the Rules 712, 715 and 716 of SGX-ST Listing Manual.

Internal Audit

The Board believes it is crucial to put in place a system of internal controls of procedures and processes to safeguard the assets and shareholders' interests, and to manage risks.

The Company's internal audit function has been outsourced to BDO LLP. The internal auditor's primary line of reporting is to the Chairman of the ARC. All internal audit reports are submitted to the ARC for consideration, with copies of those reports extended to senior management. In order to ensure timely and adequate closure of internal audit findings, the status of implementation of the actions as agreed by senior management is tracked and discussed with the ARC.

In carrying out its duties, the internal auditors have adopted the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. For FY2020, the ARC reviewed and approved the annual internal audit plans. The internal auditors have unrestricted direct access to the ARC and unfettered access to documents, records, properties and personnel within the Group to carry out its duties effectively. The ARC is satisfied that the internal audit function is independent, effective and adequately resourced.

Whistleblowing Policy

The Company has a whistleblowing procedure in place for employees and other stakeholders to raise, in confidence, possible improprieties in matters of financial reporting or other matters. The policy, available on the Company's intranet and employee handbook, aims to foster a workplace conducive to open communication regarding the Company's business practices and to protect the employees from unlawful retaliation and discrimination for the proper disclosing or reporting of illegal or unethical conduct in good faith. The policy is also available on the Corporate website.

Complaints may be made to the designated officers by telephone, email or under confidential mail. All cases reported will be investigated objectively and thoroughly and appropriate action will be taken where warranted. A summary of the reports received, investigation results and subsequent actions taken are reported to the ARC on a quarterly basis or when warranted. Under certain circumstances, the ARC will be informed of any complaint, as soon as practicable.

D: SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Shareholder Rights

The Company is committed to treating all shareholders fairly and equitably to facilitate the exercise of their ownership rights and to provide them with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

All shareholders receive the Company's annual report and notice of AGM as well as Letter to Shareholders and notice(s) of extraordinary general meeting(s) ("**EGMs**") (where applicable) within the prescribed notice periods set out in the Company's Constitution and the prevailing laws and regulations. The notices are also released via SGXNet and published in local newspapers, as well as uploaded on the Company's website.

Besides exercising their voting rights at the general meetings convened by the Company, shareholders are encouraged to participate actively and also voice their concerns on any matters relating to the Company and the Group.

Conduct of Shareholders' Meetings

The Board supports and encourages active shareholder participation at shareholders' meetings. Shareholders are informed of the shareholders' meetings through notices of shareholders' meetings, releases via SGXNet, publication in local newspapers, as well as postings on the Company's website. The shareholders' meetings provide shareholders the opportunity to share their views, meet the Board and senior management, and to interact with them.

As part of the Company's commitment towards more environmentally-friendly and sustainable practices, it discontinued the practice of mailing out its annual reports. The Company will continue to notify shareholders on how they can access the electronic versions of these reports on the TMG's website. Physical copies of the Company's annual reports will continue to be made available upon request.

The Constitution allows a shareholder who is a relevant intermediary (as defined in the Singapore Companies Act), which includes bank nominees, licensed custodians and the Central Provident Fund ("**CPF**") Board, to appoint more than two proxies to attend and vote on its behalf at shareholders' meetings. This enables indirect investors including shareholders, who hold the Company's shares through the CPF Investment Scheme and the Supplementary Retirement Scheme, to attend and vote at shareholders' meetings in person. Shareholders who are not relevant intermediaries are allowed to appoint up to two proxies to attend and vote on their behalf at shareholders' meetings.

The Company's Constitution facilitates shareholders (who are not relevant intermediaries as defined under the Companies Act, Chapter 50) who are in absentia, i.e. unable to attend and vote at general meetings, to appoint up to two proxies to attend general meetings and vote on their behalf. The Companies Act allows relevant intermediaries such as the CPF agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

In compliance with the Companies Act, all resolutions tabled at the Company's shareholders' meetings are separate and voted on individually. The Company has implemented poll voting for all shareholders' resolutions. All shareholders present are briefed on the voting procedures before the start of the meeting. The voting process is conducted in the presence of an independent scrutineer. Prior to the start of the shareholders' meetings, the scrutineer will review the proxies and the electronic poll voting system.

All resolutions were put to vote by poll. The results of the poll voting were published instantaneously at the AGM and announced via the SGXNet after the conclusion of the AGM. Minutes of general meetings which include relevant and substantial comments from shareholders relating to the agenda of the meetings and responses from Directors will be published on SGXnet and the Company's corporate website.

The Company does not have a policy on payment of dividend. The Board will consider the Group's level of cash and retained earnings and projected capital expenditure and investments before proposing a dividend. Any pay outs of dividends declared being interim or final will be clearly communicate to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

Communication with shareholders

The Company is committed to maintaining high standards of corporate disclosure and transparency. The Company has an Investor Relations Policy to ensure that all material information is disclosed in a comprehensive, accurate and timely manner through the release of announcements and media releases posted on the SGX website. Shareholders and the investing public can access the Company's announcements, media releases, presentation materials disseminated at briefings and other corporate information that have been uploaded on its website. The website provides an effective method of reaching a wide audience and also allows users to sign up for alerts to such disclosures, providing an easy and timely way to stay updated on the Company's latest corporate developments.

To ensure a level playing field and provide confidence to shareholders, unpublished price and trade sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to a select group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNet.

Interaction with shareholders

The Group has a dedicated investor relations (IR) team which focuses on facilitating communications with shareholders and analysts on a regular basis and attending to their queries or concerns in a timely manner. The investors may submit their feedback and raise any questions at ir@thomsonmedical.com.

E. MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced, when compared to the needs and interests of its stakeholders. Stakeholders of the Company include but not limited to patients, employees, suppliers, government, regulators, community, shareholders and investors.

The Company's Sustainability Report will be released in November 2020. Details where stakeholders can engage with the Company are set out in the report. The Company also maintains a corporate website at https://www.thomsonmedical.com to communicate and engage with stakeholders.

OTHER INFORMATION

Material contracts

During FY2020 there were no material contracts exceeding $100,000, entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholder.

Interested person transactions

The Group does not have shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual. The Company has established procedures to ensure that all transactions with Interested Persons are executed on fair terms and at arm's length regardless of their nature and size. All Interested Persons Transactions (IPT) are reported to the ARC on a quarterly basis. The ARC has reviewed the IPTs entered into during the financial year by the Company.

In compliance with SGX-ST Listing Rules, the Company confirms that IPTs did not exceed $100,000 during FY2020.

CORPORATE GOVERNANCE REPORT

Dealings in Securities

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Group has a policy which prohibits dealings in the Company's securities by all officers of the Company and its subsidiaries, one month prior to the announcement of the Group's half year and full year financial statements (hereinafter referred to as Black-out Period).

Directors, executive officers and any other persons, as determined by management, who may possess unpublished material price-sensitive information of the Group (relevant persons), are also reminded to observe insider trading laws at all times, and not to deal in the Company's securities when in possession of any price-sensitive and confidential information regarding the Group, or on short-term considerations. A reminder will be circulated to Directors, executive officers and relevant personnel of the Company and its subsidiaries before the commencement of each Black-out Period, during which, dealings in the Company's securities are prohibited and to those with access to price-sensitive and confidential information. All Directors of the Company and its subsidiaries are required to report all dealings to the Company Secretary.

Use of proceeds

Pursuant to the exercise of the Bonus Warrants which was expired on 24 April 2019, the Company received a gross proceed of $29.5 million which will be used in accordance to the uses as disclosed in the Circular dated 28 February 2018. The gross proceeds have not been utilised as at the date of this report.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Thomson Medical 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 period from 1 January 2019 to 30 June 2020.

During the period, the Company changed its financial year-end from 31 December to 30 June. Accordingly, the financial statements cover the financial period from 1 January 2019 to 30 June 2020. The comparatives cover the financial year from 1 January 2018 to 31 December 2018.

Opinion of the directors

In the opinion of the directors,

(i) 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 30 June 2020 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial period from 1 January 2019 to 30 June 2020; and

(ii) 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:

Ng Ser Miang	
Dr Wong Chiang Yin	(Appointed on 1 February 2020)
Wilson Sam	(Appointed on 15 March 2019)
Heng Kim Chuan Freddie	
Lim Wee Kiat	(Appointed on 15 March 2019)
Ong Pang Liang	
Dr Lam Lee G	(Appointed on 2 May 2019)

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose objects are, or one of whose 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' STATEMENT

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial period, 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, warrants and debentures of the Company and related corporations as stated below:

	Direct interest held in the name of the director or nominee		Deemed interest	
Name of director	**As at 1 January 2019 or date of appointment, if later**	**As at 30 June 2020**	**As at 1 January 2019 or date of appointment, if later**	**As at 30 June 2020**
The Company				
Thomson Medical Group Limited				
(a) Ordinary shares				
Ng Ser Miang	3,000,000	9,000,000	2,200,000	6,600,000
Ong Pang Liang	5,000,000	15,000,000	–	–
(b) Warrants[1]				
Ng Ser Miang	6,000,000	6,000,000	4,400,000	4,400,000
Ong Pang Liang	10,000,000	10,000,000	–	–
Subsidiary of the Company				
TMC Life Sciences Berhad				
Employees' share option scheme[2]				
Heng Kim Chuan Freddie	2,000,000	–	–	–

(1) This refers to Bonus or Piggyback Warrants issued to the shareholders pursuant to the Circular dated 28 February 2018. The Bonus Warrant which has lapsed on 28 April 2019 entitles the Warrantholder to subscribe for one new ordinary share in the share capital of the Company at an adjusted exercise price of $0.08. The Bonus Warrantholder is also entitled to 1 Piggyback Warrant for each Bonus Warrant exercised. The Piggyback Warrants which will expire on 24 April 2022 carry the right to subscribe for one new ordinary share in the share capital of the Company at an adjusted exercise price of $0.11.

(2) The employees' share option scheme (as described below) has lapsed following the resignation of the director from the subsidiary on 25 January 2019.

There was no change in any of the above-mentioned interests in the Company between the end of the financial period and 21 July 2020.

Except as disclosed in this statement, no director who held office at the end of the financial period had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial period, or date of appointment if later, or at the end of the financial period.

Share options

TMG Group Share Option Scheme 2012 (the Scheme)

The Scheme of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 26 June 2012. As at the date of this report, the Scheme is administered by the Nominating and Remuneration Committee.

Share options (cont'd)

During the financial period, there were:

(i) No options granted by the Company to any person to take up unissued shares in the Company; and

(ii) No shares issued by virtue of any exercise of options to take up unissued shares of the Company.

As at the end of the financial period, there were no unissued shares of the Company under the Scheme.

TMCLS Employees' Share Option Scheme (ESOS)

The Company's subsidiary, TMC Life Sciences Berhad (TMCLS) implemented an ESOS scheme in 2015 for a period of five (5) years till 28 May 2020. The ESOS scheme has been extended for another five (5) years to 28 May 2025. The ESOS which is administered by the Option Committee (OC) of the subsidiary, is granted to eligible directors and employees (Eligible Persons) of TMCLS to subscribe for shares in TMCLS.

The main features of the ESOS are as follows:

(a) The Eligible Persons must be at least eighteen (18) years of age on the Date of Offer, who are confirmed on the Date of Offer (in respect of employee only) and have served full time for at least a period of one (1) year of continuous service before the Date of Offer;

(b) The total number of shares offered under the ESOS shall not in aggregate, exceed 15% of the issued and paid-up ordinary share capital (excluding treasury shares) of TMCLS at any time during the existence of the ESOS;

(c) The option granted to the Eligible Persons shall be subject to a minimum of one hundred (100) Options and in multiples of one hundred (100) Options and is subject to the following:

    (i) Not more than 10% of the shares available under the ESOS shall be allocated to an Eligible Person, who either singly or collectively through persons connected with Eligible Persons, hold 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares) of TMCLS.

(d) An option granted under ESOS may be exercised by the grantee upon achieving the vesting conditions set by the OC and is subject to the allotment of shares over the vesting period; and

(e) The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of TMCLS.

Details of the options to subscribe for ordinary shares of TMCLS pursuant to the ESOS as at 30 June 2020 are as follows:

Expiry date	Exercise Price (MYR)	Number of options
28 May 2025	0.75	12,566,000
28 May 2025	0.94	5,550,000
		18,116,000

Since the commencement of the ESOS Scheme till the end of the financial period, the options granted by TMCLS do not entitle the holder of the options to participate, by virtue of the options, in any share issue of any other corporation, other than the TMG Group Share Option Scheme 2012 and Share Grant Plan 2015.

DIRECTORS' STATEMENT

Share incentive

The Share Grant Plan 2015 (the Plan) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 29 April 2015. The Plan is administered by the Nominating and Remuneration Committee.

During the financial period, there were no shares awarded by the Company to any person pursuant to the release of awards granted under the Plan.

Warrants

(a) The Bonus Warrants which were issued and allotted to the shareholders on 25 April 2018 pursuant to the very substantial acquisition of Sasteria Pte Ltd expired on 24 April 2019. Of the 9,476,834,822 Bonus Warrants issued, a total of 369,266,062 Bonus Warrants were exercised and 369,266,062 new ordinary shares were issued.

Pursuant to the Bonus Warrants, the Company has issued and allotted a total of 369,266,062 Piggyback Warrants to the Warrantholders. The Piggyback Warrants entitles the Warrantholders to subscribe for one (1) ordinary share in the share capital of the Company at an adjusted exercise price of $0.11 in cash. The Piggyback Warrants will expire on 24 April 2022.

(b) TMCLS has a total of 866,344,784 outstanding warrants, each with an exercise price of MYR0.75. During the financial period, 5,432,124 warrants were exercised and 5,432,124 new ordinary shares were issued by TMCLS. The remaining 860,912,660 outstanding warrants had expired on 21 June 2019.

Audit and Risk Committee

The Audit and Risk Committee (ARC) carried out its functions in accordance with Section 201B (5) of the Companies Act, Chapter 50, the SGX-ST Listing Manual and the Code of Corporate Governance.

The ARC reviews the overall scope of both internal and external audits and the assistance given by management to the auditors. It meets the Company's internal and external auditors to discuss the results of their respective examinations and the internal auditor's evaluation of the Company's system of internal controls. The ARC reviews interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The ARC also reviews the consolidated financial statements and the auditor's report, as well as results announcements to shareholders and the Singapore Exchange Securities Trading Limited before submission to the Board. During the financial period, the ARC met the external auditor and internal auditor once without the presence of management. On an annual basis, the ARC reviews the independence of the external auditor and recommends to the Board, the external auditor to be appointed.

Further details of the ARC are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT

Auditor

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

On behalf of the board of directors:

Dr Wong Chiang Yin
Director

Wilson Sam
Director

Singapore
27 August 2020

INDEPENDENT AUDITOR'S REPORT

For the financial period from 1 January 2019 to 30 June 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Thomson Medical Group Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the statements of financial position of the Group and Company as at 30 June 2020, the statements of changes in equity of the Group and Company, and the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial period from 1 January 2019 to 30 June 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 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 financial period from 1 January 2019 to 30 June 2020.

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 Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial period from 1 January 2019 to 30 June 2020

Key audit matters (cont'd)

Carrying value of goodwill and property and equipment attributable to BB Waterfront Sdn Bhd

As at 30 June 2020, the carrying value of the Group's goodwill arising from the acquisition of BB Waterfront Sdn Bhd (BBWF) is $62,836,000. The carrying value of BBWF's property and equipment, which comprises mainly freehold land located in Johor Bahru, Malaysia, amounted to $87,108,000. The aggregate value of goodwill and property and equipment attributable to BBWF represents 11.6% of the Group's total assets.

Cash-generating units (CGUs) to which goodwill and property and equipment have been allocated is tested for impairment annually and whenever there is an indication that the carrying value of the CGU may be impaired. Impairment is determined for goodwill and property and equipment by assessing the recoverable amount of each CGU (or group of CGUs) to which the assets relate. For the purpose of the impairment assessment, management has identified BBWF as a CGU.

Management has assessed the recoverable amount of BBWF based on value-in-use (VIU) calculations using cash flow projections from financial budgets approved by management covering a fifteen-year period which comprises an initial five-year period of construction and development, followed by a ten-year period of medical hub operations and an imputed terminal growth thereafter. This assessment requires management to make judgements over certain key inputs for the projections in relation to growth rates, pre-tax discount rates and market share assumptions.

Given the significance of the goodwill and property and equipment attributable to BBWF, and significant judgement and estimation involved in assessing the recoverable amount of BBWF, we have identified this as a key audit matter.

Our audit procedures included, amongst others, reviewing management's assessment of the recoverable amount of BBWF. This includes assessing the reasonableness of the key assumptions used in the VIU calculations in relation to growth rates and market share, and comparing these assumptions against historical trends of the Group's existing healthcare operations in Malaysia, as well as available industry data in relation to comparable healthcare entities in Malaysia. In view that the VIU calculations cover a fifteen-year period, with an initial five-year period of construction and development, we have reviewed management's assessment of the impact of the COVID-19 pandemic on the expected progress of construction and development. We also assessed the reasonableness of the pre-tax discount rate used to determine the present value of the recoverable amount of BBWF by comparing to external observable data, with the assistance of our internal valuation specialists. We further reviewed management's analysis of the sensitivity of the recoverable amount to reasonable changes in the key assumptions, including applying the higher end of the range of pre-tax discount rates, as reviewed by our internal valuation specialists, to the VIU calculations.

In addition, we assessed the adequacy of the disclosures related to goodwill and property and equipment in Note 2.4(b) Business combinations, Note 2.7 Property and equipment, Note 2.8 Intangible assets, Note 2.11 Impairment of non-financial assets, Note 3(b) Impairment of goodwill, Note 3(c) Impairment of property and equipment attributable to BBWF, Note 13 Property and equipment and Note 14 Intangible assets to the financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial period from 1 January 2019 to 30 June 2020

Key audit matters (cont'd)

Carrying value of investment properties and development property located in Johor Bahru, Malaysia

As at 30 June 2020, the Group's investment properties and development property located in Johor Bahru, Malaysia amounted to $102,012,000 and $96,058,000 respectively, which in aggregate represented 15.3% of the Group's total assets. Investment properties are carried at cost less impairment losses, whilst development property is carried at the lower of cost and net realisable value (NRV). These assets are held through a wholly-owned subsidiary, Vantage Bay JB Sdn. Bhd. (VBJB). During the financial period from 1 January 2019 to 30 June 2020, the Group recorded an aggregate impairment loss of $93,415,000 on these assets.

Management performs an impairment review on the investment properties and development property when there are indicators of impairment. Management assessed the recoverable amount of the investment properties and the NRV of the development property based on valuations obtained from an independent valuer. These valuations involve various underlying assumptions and techniques used by the independent valuer, including adjustments made associated with the market and economic conditions prevailing at the reporting date in light of the COVID-19 pandemic.

Given the magnitude of these assets and significant judgement and heightened level of estimation uncertainty associated with the market and economic conditions prevailing at the reporting date, we have identified the carrying value of investment properties and development property located in Johor Bahru, Malaysia, as a key audit matter.

Our audit procedures included, amongst others, reviewing management's assessment of the recoverable amount of the investment properties and the NRV of the development property. This includes evaluating the objectivity, competence and capability of the independent valuer. We also involved our internal valuation specialists in assessing the appropriateness of the valuation method and key assumptions used in the valuations, such as the size and location of the investment properties and development property. We compared them to available industry data and comparable market transactions of properties in the vicinity. We also reviewed the adjustments made to the industry data, taking into consideration the market and economic conditions prevailing at the reporting date in light of the COVID-19 pandemic.

We also assessed the adequacy of the disclosures related to investment properties and development property in Note 2.9 Investment properties, Note 2.10 Development property, Note 2.11 Impairment of non-financial assets, Note 3(d) Impairment of investment properties and development property, Note 15 Investment properties and Note 19 Development property 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, which we obtained prior to the date of this auditor's report, except for the Statistics of Shareholdings and Statistics of Piggyback Warrantholdings, which is expected to be made available to us after the date of this auditor's report.

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

INDEPENDENT AUDITOR'S REPORT

For the financial period from 1 January 2019 to 30 June 2020

Other information (cont'd)

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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Statistics of Shareholdings and Statistics of Piggyback Warrantholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial period from 1 January 2019 to 30 June 2020

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

- 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 Max Loh Khum Whai.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
27 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial period from 1 January 2019 to 30 June 2020

	Note	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Continuing operations			
Revenue	4	327,798	215,610
Other income	5	12,836	6,126
Inventories and consumables used		(70,282)	(44,657)
Staff costs	8	(101,151)	(60,330)
Depreciation and amortisation expenses		(26,039)	(11,528)
Other operating expenses		(188,567)	(68,038)
(Loss)/profit from operating activities		(45,405)	37,183
Finance income		3,931	3,031
Finance costs	6	(38,045)	(18,173)
Net finance costs		(34,114)	(15,142)
(Loss)/profit before tax from continuing operations	7	(79,519)	22,041
Income tax expense	10	(14,397)	(7,341)
(Loss)/profit from continuing operations, net of tax		(93,916)	14,700
Discontinued operation			
Loss from discontinued operation, net of tax	11	(2,260)	(10,640)
(Loss)/profit for the period/year		(96,176)	4,060
Attributable to:			
Owners of the Company, net of tax			
(Loss)/profit from continuing operations		(96,991)	10,843
Loss from discontinued operation		(2,205)	(8,682)
(Loss)/profit for the period/year attributable to owners of the Company		(99,196)	2,161
Non-controlling interests, net of tax			
Profit from continuing operations		3,075	3,857
Loss from discontinued operation		(55)	(1,958)
Profit for the period/year attributable to non-controlling interests		3,020	1,899
(Loss)/earnings per share from continuing operations attributable to owners of the Company (cents per share)			
Basic	12	(0.368)	0.042
Diluted	12	(0.368)	0.041
(Loss)/earnings per share (cents per share)			
Basic	12	(0.376)	0.008
Diluted	12	(0.376)	0.008

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 1 January 2019 to 30 June 2020

	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
(Loss)/profit for the period/year	(96,176)	4,060
Other comprehensive income:		
Item that will not be reclassified to profit or loss		
Net change in fair value of equity instruments at fair value through other comprehensive income (FVOCI)	62	(878)
Item that may be reclassified subsequently to profit or loss		
Foreign currency translation	(7,432)	(308)
Other comprehensive income for the period/year, net of tax	(7,370)	(1,186)
Total comprehensive income for the period/year	(103,546)	2,874
Attributable to:		
Owners of the Company	(104,807)	806
Non-controlling interests	1,261	2,068
Total comprehensive income for the period/year	(103,546)	2,874
Attributable to:		
Owners of the Company		
Continuing operations, net of tax	(102,547)	7,991
Discontinued operation, net of tax	(2,260)	(7,185)
Total comprehensive income for the period/year attributable to owners of the Company	(104,807)	806

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

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	Note	Group		Company	
		30 June 2020 $'000	31 December 2018 $'000	30 June 2020 $'000	31 December 2018 $'000
ASSETS					
Non-current assets					
Property and equipment	13	406,085	345,784	177	399
Intangible assets	14	487,453	489,130	–	–
Investment properties	15	102,012	150,606	–	–
Right-of-use assets	16	13,001	–	266	–
Investment in subsidiaries	17	–	–	2,218,464	2,294,803
		1,008,551	985,520	2,218,907	2,295,202
Current assets					
Development property	19	96,058	142,916	–	–
Inventories	20	6,151	5,540	–	–
Trade and other receivables	21	23,580	22,939	395,080	175,843
Cash and short-term deposits	22	159,975	121,745	95,292	6,141
		285,764	293,140	490,372	181,984
Assets of disposal group classified as held for distribution	11	–	210,406	–	154,041
		285,764	503,546	490,372	336,025
Total assets		1,294,315	1,489,066	2,709,279	2,631,227
Current liabilities					
Contract liabilities	4	3,595	3,410	–	–
Trade and other payables	23	57,684	40,235	8,657	1,839
Amounts due to the ultimate controlling shareholder		–	9,811	–	9,811
Income tax payable		6,591	8,316	–	–
Interest-bearing loans and borrowings	24	20	236,636	–	129,569
Lease liabilities	25	5,605	–	252	–
		73,495	298,408	8,909	141,219
Liabilities directly associated with disposal group classified as held for distribution	11	–	57,603	–	–
		73,495	356,011	8,909	141,219
Net current assets		212,269	147,535	481,463	194,806

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

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

		Group		Company	
	Note	30 June 2020 $'000	31 December 2018 $'000	30 June 2020 $'000	31 December 2018 $'000
Non-current liabilities					
Deferred tax liabilities	26	10,298	6,960	–	–
Interest-bearing loans and borrowings	24	649,241	341,665	398,171	–
Lease liabilities	25	7,789	–	21	–
Provision	27	632	297	–	–
		667,960	348,922	398,192	–
Total liabilities		741,455	704,933	407,101	141,219
Net assets		552,860	784,133	2,302,178	2,490,008
Equity attributable to owners of the Company					
Share capital	28	2,364,497	2,772,209	2,364,497	2,772,209
Retained earnings/(accumulated losses)		84,027	(97,499)	(62,319)	(282,201)
Other reserves	29	(1,970,628)	(1,959,396)	–	–
Reserve of disposal group classified as held for distribution	11	–	(1,276)	–	–
		477,896	714,038	2,302,178	2,490,008
Non-controlling interests		74,964	70,095	–	–
Total equity		552,860	784,133	2,302,178	2,490,008
Total equity and liabilities		1,294,315	1,489,066	2,709,279	2,631,227

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

STATEMENTS OF
CHANGES IN EQUITY

For the financial period from 1 January 2019 to 30 June 2020

			Attributable to owners of the Company										
Group	Equity, total $'000	Equity attributable to owners of the Company $'000	Share capital (Note 28) $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Warrant reserve $'000	Fair value reserve $'000	Statutory reserve $'000	Assets revaluation reserve $'000	Retained earnings $'000	Reserve of disposal group classified as held for distribution (Note 11) $'000	Non-controlling interests $'000
Opening balance at 1 January 2019	784,133	714,038	2,772,209	(1,842,369)	(85,867)	(46,586)	15,426	–	–	–	(97,499)	(1,276)	70,095
Profit for the period	(96,176)	(99,196)	–	–	–	–	–	–	–	–	(99,196)	–	3,020
Other comprehensive income													
Net change in fair value of equity instruments at FVOCI	62	62	–	–	–	–	–	62	–	–	–	–	–
Foreign currency translation	(7,432)	(5,673)	–	–	(5,673)	–	–	–	–	–	–	–	(1,759)
Other comprehensive income for the period, net of tax	(7,370)	(5,611)	–	–	(5,673)	–	–	62	–	–	–	–	(1,759)
Total comprehensive income for the period	(103,546)	(104,807)	–	–	(5,673)	–	–	62	–	–	(99,196)	–	1,261

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period from 1 January 2019 to 30 June 2020

		Attributable to owners of the Company											
Group	Equity, total $'000	Equity attributable to owners of the Company $'000	Share capital (Note 28) $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Warrant reserve $'000	Fair value reserve $'000	Statutory reserve $'000	Assets revaluation reserve $'000	Retained earnings $'000	Reserve of disposal group classified as held for distribution (Note 11) $'000	Non-controlling interests $'000
Contributions by and distributions to owners													
Shares issued on conversion of warrants	29,455	29,455	29,455	–	–	–	–	–	–	–	–	–	–
Non-cash distribution to owners of the Company (Note 1.2)	(150,475)	(153,638)	(155,973)	–	10,089	–	–	–	–	–	(9,288)	1,534	3,163
Capital reduction (Note 1.2)	–	–	(281,194)	–	–	–	–	–	–	–	281,194	–	–
Grant of equity-settled share options to employees	159	–	–	–	–	–	–	–	–	–	–	–	159
Conversion of warrants in a subsidiary	1,331	–	–	–	–	–	–	–	–	–	–	–	1,331
Dividends on ordinary shares (Note 35)	(6,610)	(6,610)	–	–	–	–	–	–	–	–	(6,610)	–	–
Dividends paid to non-controlling interests of a subsidiary	(1,587)	–	–	–	–	–	–	–	–	–	–	–	(1,587)
Total contributions by and distributions to owners	(127,727)	(130,793)	(407,712)	–	10,089	–	–	–	–	–	265,296	1,534	3,066

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period from 1 January 2019 to 30 June 2020

		Attributable to owners of the Company											
Group	Equity, total $'000	Equity attributable to owners of the Company $'000	Share capital (Note 28) $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Warrant reserve $'000	Fair value reserve $'000	Statutory reserve $'000	Assets revaluation reserve $'000	Retained earnings $'000	Reserve of disposal group classified as held for distribution (Note 11) $'000	Non-controlling interests $'000
Changes in ownership interests in subsidiaries													
Dilution of equity interests in a subsidiary due to the conversion of warrants	–	(542)	–	–	–	(542)	–	–	–	–	–	–	542
Total transactions with owners in their capacity as owners	–	(542)	–	–	–	(542)	–	–	–	–	–	–	542
Others													
Reserve attributable to disposal group classified as held for distribution	–	–	–	–	320	–	–	(62)	–	–	–	(258)	–
Expiry of warrants issued by a subsidiary	–	–	–	–	–	–	(15,426)	–	–	–	15,426	–	–
Total others	–	–	–	–	320	–	(15,426)	(62)	–	–	15,426	(258)	–
Closing balance at 30 June 2020	**552,860**	**477,896**	**2,364,497**	**(1,842,369)**	**(81,131)**	**(47,128)**	**–**	**–**	**–**	**–**	**84,027**	**–**	**74,964**

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period from 1 January 2019 to 30 June 2020

		Attributable to owners of the Company											
Group	Equity, total $'000	Equity attributable to owners of the Company $'000	Share capital (Note 28) $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Warrant reserve $'000	Fair value reserve $'000	Statutory reserve $'000	Assets revaluation reserve $'000	Accumulated losses $'000	Reserve of disposal group classified as held for distribution (Note 11) $'000	Non-controlling interests $'000
Opening balance at 1 January 2018 (FRS framework)	740,688	625,061	788,267	100	(86,390)	2,791	15,426	405	197	89,462	(185,197)	–	115,627
Cumulative effects of adopting SFRS(I) framework	(3,925)	(3,925)	–	–	–	–	–	–	–	(89,462)	85,537	–	–
Opening balance at 1 January 2018 (SFRS(I) framework)	736,763	621,136	788,267	100	(86,390)	2,791	15,426	405	197	–	(99,660)	–	115,627
Profit for the year	4,060	2,161	–	–	–	–	–	–	–	–	2,161	–	1,899
Other comprehensive income													
Net change in fair value of equity instruments at FVOCI	(878)	(878)	–	–	–	–	–	(878)	–	–	–	–	–
Foreign currency translation	(308)	(477)	–	–	(477)	–	–	–	–	–	–	–	169
Other comprehensive income for the year, net of tax	(1,186)	(1,355)	–	–	(477)	–	–	(878)	–	–	–	–	169
Total comprehensive income for the year	2,874	806	–	–	(477)	–	–	(878)	–	–	2,161	–	2,068

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period from 1 January 2019 to 30 June 2020

			Attributable to owners of the Company										
Group	**Equity, total $'000**	**Equity attributable to owners of the Company $'000**	**Share capital (Note 28) $'000**	**Merger reserve $'000**	**Foreign currency translation reserve $'000**	**Capital reserve $'000**	**Warrant reserve $'000**	**Fair value reserve $'000**	**Statutory reserve $'000**	**Assets revaluation reserve $'000**	**Accumulated losses $'000**	**Reserve of disposal group classified as held for distribution (Note 11) $'000**	**Non-controlling interests $'000**
Contributions by and distributions to owners													
Shares issued for acquisition of a subsidiary	1,984,000	1,984,000	1,984,000	–	–	–	–	–	–	–	–	–	–
Shares issued on conversion of warrants	102	102	102	–	–	–	–	–	–	–	–	–	–
Shares issuance expenses	(160)	(160)	(160)	–	–	–	–	–	–	–	–	–	–
Grant of equity-settled share options to employees	219	–	–	–	–	–	–	–	–	–	–	–	219
Acquisition of subsidiary under common control	(1,842,469)	(1,842,469)	–	(1,842,469)	–	–	–	–	–	–	–	–	–
Dividends paid to non-controlling interests of subsidiaries	(1,177)	–	–	–	–	–	–	–	–	–	–	–	(1,177)
Total contributions by and distributions to owners	140,515	141,473	1,983,942	(1,842,469)	–	–	–	–	–	–	–	–	(958)

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period from 1 January 2019 to 30 June 2020

		Attributable to owners of the Company											
Group	Equity, total $'000	Equity attributable to owners of the Company $'000	Share capital (Note 28) $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Warrant reserve $'000	Fair value reserve $'000	Statutory reserve $'000	Assets revaluation reserve $'000	Accumulated losses $'000	Reserve of disposal group classified as held for distribution (Note 11) $'000	Non-controlling interests $'000
Changes in ownership interests in subsidiaries													
Acquisition of non-controlling interests without a change in control	(94,201)	(49,377)	–	–	–	(49,377)	–	–	–	–	–	–	(44,824)
Dilution of equity interests in a subsidiary due to the exercise of employee share options	29	–	–	–	–	–	–	–	–	–	–	–	29
Disposal of subsidiaries	(1,847)	–	–	–	–	–	–	–	–	–	–	–	(1,847)
Total transactions with owners in their capacity as owners	(96,019)	(49,377)	–	–	–	(49,377)	–	–	–	–	–	–	(46,642)
Others													
Reserve attributable to disposal group classified as held for distribution	–	–	–	–	1,000	–	–	473	(197)	–	–	(1,276)	–
Total others	–	–	–	–	1,000	–	–	473	(197)	–	–	(1,276)	–
Closing balance at 31 December 2018	784,133	714,038	2,772,209	(1,842,369)	(85,867)	(46,586)	15,426	–	–	–	(97,499)	(1,276)	70,095

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

STATEMENTS OF CHANGES IN EQUITY

For the financial period from 1 January 2019 to 30 June 2020

Company	Equity, total $'000	Share capital (Note 28) $'000	Accumulated losses $'000
Opening balance at 1 January 2019	2,490,008	2,772,209	(282,201)
Loss for the period, representing total comprehensive income for the period	(53,962)	–	(53,962)
Contributions by and distributions to owners			
Shares issued on conversion of warrants	29,455	29,455	–
Non-cash distribution to owners of the Company (Note 1.2)	(156,713)	(155,973)	(740)
Capital reduction (Note 1.2)	–	(281,194)	281,194
Dividends on ordinary shares (Note 35)	(6,610)	–	(6,610)
Total transactions with owners in their capacity as owners	(133,868)	(407,712)	273,844
Closing balance at 30 June 2020	2,302,178	2,364,497	(62,319)
Opening balance at 1 January 2018	368,695	788,267	(419,572)
Loss for the year, representing total comprehensive income for the year	(38,970)	–	(38,970)
Contributions by and distributions to owners			
Shares issued for acquisition of a subsidiary	1,984,000	1,984,000	–
Shares issued on conversion of warrants	102	102	–
Share issuance expense	(160)	(160)	–
Gain from novation of shareholder's loans	176,341	–	176,341
Total transactions with owners in their capacity as owners	2,160,283	1,983,942	176,341
Closing balance at 31 December 2018	2,490,008	2,772,209	(282,201)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 1 January 2019 to 30 June 2020

	Note	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Operating activities			
(Loss)/profit before tax from continuing operations		(79,519)	22,041
Loss before tax from discontinued operation	11	(2,225)	(10,220)
Profit before tax, total		(81,744)	11,821
Adjustments for:			
Allowance for expected credit losses on trade debts, net		491	598
Amortisation of financing fees on bank loan		2,060	1,188
Bad debts written off		–	52
Depreciation of property and equipment and investment properties		16,047	14,836
Depreciation of right-of-use assets	16	9,575	–
Amortisation of intangible assets		744	2,662
Fair value changes on purchase consideration payable		25	(7,878)
Loss on disposal of other investments		–	144
Gain on disposal of subsidiaries	17(d)	–	(2,505)
Loss on disposal of property and equipment		851	166
Property and equipment written off		10	592
Allowance for foreseeable losses		–	545
Impairment loss on development and investment properties		93,415	1,984
Impairment loss on intangible assets		–	8,267
Transaction costs on corporate exercise		–	1,494
Share of results of associates from discontinued operation		86	(1,002)
Finance income		(3,931)	(3,127)
Finance costs		35,985	17,762
Unrealised exchange (gain)/loss		(32)	24
Grant of equity-settled share options to employees		159	219
Total adjustments		155,485	36,021
Operating cash flows before changes in working capital		73,741	47,842
Changes in working capital:			
Increase in inventories		(617)	(537)
Decrease/(increase) in trade and other receivables and contract assets		4,571	(3,881)
Increase in trade and other payables and contract liabilities		11,285	4,869
Total changes in working capital		15,239	451
Cash flows from operations		88,980	48,293
Interest income received		3,931	3,285
Income taxes paid		(14,314)	(11,074)
Net cash flows from operating activities		78,597	40,504

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial period from 1 January 2019 to 30 June 2020

	Note	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Investing activities			
Acquisition of warrants		–	(25,000)
Purchase of other investments		–	(405)
Dividend received from associate		–	2,200
Expenditure on investment properties	15	(835)	(41)
Expenses paid in relation to the acquisition of Sasteria Pte. Ltd.		–	(3,178)
Proceeds from disposal of other investments		–	275
Purchase of property and equipment	A	(75,427)	(24,139)
Purchase of intangible assets		(418)	(193)
Proceeds from disposal of property and equipment		194	10
Net cash inflow on disposal of subsidiaries	17(d)	–	3,187
Net cash outflow on distribution of Real Estate Business		(24,101)	–
Net cash flows used in investing activities		(100,587)	(47,284)
Financing activities			
Proceeds from exercise of employee share options		–	29
Proceeds from exercise of warrants		29,455	102
Proceeds from exercise of warrants issued by a subsidiary		1,331	–
Share issuance expense		–	(160)
Repayment of interest-bearing loans and borrowings		(354,802)	(105,501)
Decrease in amount due to the ultimate controlling shareholder		(9,811)	(355,250)
Proceeds from interest-bearing loans and borrowings		423,990	492,486
Changes in pledged deposits		(5,888)	(1,130)
Dividends paid on ordinary shares	35	(6,610)	–
Dividends paid to non-controlling interests of subsidiaries		(1,587)	(1,177)
Payment of principal portion of lease liabilities		(9,150)	–
Interest paid		(35,986)	(19,211)
Net cash flows from financing activities		30,942	10,188
Net increase in cash and cash equivalents		8,952	3,408
Effect of exchange rate changes on cash and cash equivalents		(356)	(38)
Cash and cash equivalents at 1 January		138,911	135,541
Cash and cash equivalents at 30 June/31 December	22	147,507	138,911

A. Purchase of property and equipment

During the current financial period, the Group acquired property and equipment with an aggregate cost of $80,252,000 (2018: $26,716,000) including additions relating to the discontinued operation of $360,000. The additions were by way of cash payments of $75,427,000 (2018: $24,139,000), increase in provision for restoration costs of $310,000 (2018: $103,000) and other payables of $4,515,000 (2018: $2,474,000).

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

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

1. CORPORATE INFORMATION

1.1 The Company

Thomson Medical 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 registered office and principal place of business of the Company is located at 101 Thomson Road, #20-04/05, United Square, Singapore 307591.

The principal activities of the Company are those of investments, investment holding and strategic investments and other related activities. The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

During the current financial period, the Company changed its financial year-end from 31 December to 30 June. Accordingly, these financial statements cover a period of 18 months from 1 January 2019 to 30 June 2020. The comparative period covers a period of 12 months from 1 January 2018 to 31 December 2018.

The financial statements of the Company and the consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Directors on 27 August 2020.

1.2 Non-cash distribution and capital reduction

On 31 January 2019, the Company completed the distribution of all its shares in its wholly-owned subsidiary, RSP Holdings Pte Ltd (RSPH) by way of capital reduction amounting to $155,973,000. RSPH has been classified as discontinued operation as at 31 December 2018.

On 31 January 2019, the Company also completed a further capital reduction to write-off accumulated losses amounting to $281,194,000.

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 (International) (SFRS(I)).

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 ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

The Company completed the very substantial acquisition of Sasteria Pte. Ltd. (Sasteria) on 25 April 2018. The consolidated financial statements of the Group for the financial year ended 31 December 2018 was prepared using the pooling of interest method as described in Note 2.4(c) as the Company and Sasteria are under common control.

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

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted SFRS(I) 16 *Leases*, as described below.

SFRS(I) 16 *Leases*

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 did not have an impact for leases where the Group is the lessor.

The Group applied SFRS(I) 16 using the modified retrospective approach, under which right-of-use asset is measured on a lease-by-lease basis as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at the date of initial application. Under this approach the prior year comparative information presented for 2018 is not restated.

In addition, the Group has elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

As at 1 January 2019, the adoption of SFRS(I) 16 resulted in the following key effects to the statements of financial position of the Group and the Company:

	Group		Company	
	31 December 2018 $'000	**1 January 2019 $'000**	**31 December 2018 $'000**	**1 January 2019 $'000**
Assets				
Right-of-use assets	–	10,268	–	633
Property and equipment	345,784	345,478	399	399
Liabilities				
Lease liabilities	–	10,236	–	633
Trade and other payables	40,235	39,961	1,839	1,839

There was no adjustment to equity on adoption of SFRS(I) 16.

The Group has lease contracts for various items of property and equipment. Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 2.21 for the accounting policy prior to 1 January 2019.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

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

2.2 Changes in accounting policies and disclosures (cont'd)

SFRS(I) 16 *Leases* (cont'd)

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

	Group $'000	Company $'000
Operating lease commitments as at 31 December 2018	10,055	699
Add: Lease payments relating to renewal periods, not included in operating lease commitments as at 31 December 2018	2,110	–
Less: Commitments relating to short-term leases	(1,512)	–
Operating lease commitments at 1 January 2019	10,653	699
Weighted average incremental borrowing rate as at 1 January 2019	4%	4%
Lease liabilities as at 1 January 2019	10,236	633

2.3 Standards issued but not yet effective

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

Description	***Effective for annual periods beginning on or after***
Amendments to SFRS(I) 3: *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Material*	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, and SFRS(I) 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 16: *COVID-19 related rent concessions*	1 June 2020
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2022

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

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

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.

(b) *Business combinations*

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) that are present ownership interests and entitle their holders to a proportionate share of net assets, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

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

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

(c) *Business combinations involving entities under common control*

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

2.5 Transactions with non-controlling interests

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

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

2.6 Functional and 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.

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

2.6 Functional and foreign currency (cont'd)

(a) *Transactions and balances (cont'd)*

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 purposes, 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 average exchange rate for the year. 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 Property and equipment

All items of property and equipment are initially recorded at costs. Such costs include the cost of replacing parts of the property and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property and equipment. The cost of an item of property and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, all items of property and equipment, except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Long term leasehold land	99 years
Building and improvements	10 to 50 years
Renovations	5 to 13 years
Furniture and fittings	5 to 10 years
Medical, electrical equipment and appliances	3 to 13 years
Office equipment and computers	3 to 10 years
Motor vehicles	5 to 10 years

The cost of construction-in-progress represents all costs, including borrowing costs, incurred on the construction of the assets. The accumulated costs will be reclassified to the appropriate property and equipment account when the construction is completed. No depreciation is provided on construction-in-progress as these assets are not yet available for use. Interest on borrowings to finance the construction of property and equipment is capitalised during the period of time that is required to complete and prepare each asset for its intended use. All other borrowing costs are expensed.

Repairs and maintenance costs are taken to profit or loss during the financial period in which they are incurred. The cost of major renovations and restorations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, and is depreciated over the remaining useful life of the asset.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

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

2.7 Property and equipment (cont'd)

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Intangible assets

(a) *Goodwill*

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

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

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that cash-generating unit (or group of cash-generating units) is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash generating unit (or group of cash-generating units) retained.

(b) *Other intangible assets*

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

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

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

2.8 Intangible assets (cont'd)

(b) *Other intangible assets (cont'd)*

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

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

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

(i) *Customer relationship*

Customer relationship acquired in a business combination is amortised on a straight-line basis over its finite useful life of 2.8 years.

(ii) *Hospital management*

Hospital management acquired in a business combination is amortised on a straight-line basis over its finite useful life of 4.8 years.

(iii) *Computer software*

Computer software are amortised on a straight-line basis over its finite useful life of 3 to 10 years.

(iv) *Brand name*

Brand name is amortised on a straight-line basis over its finite useful life of 3 years.

The following accounting policies relate to the Real Estate Business which has been distributed to the Company's shareholders via a distribution in-specie as disclosed in Note 11.

(v) *Order backlog*

Order backlog, which was acquired by the Group, comprises remaining architectural contract revenues that have yet to be invoiced to customers. It has a finite useful life and is measured at cost less accumulated amortisation and accumulated impairment losses.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

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

2.8 Intangible assets (cont'd)

(b) *Other intangible assets (cont'd)*

(vi) *Customer contract*

Customer contract, which was acquired by the Group, comprises contracts pertaining to the Group's right of certain entities' revenue in relation to the services provided under these agreements. It has a finite useful life and is measured at cost less accumulated amortisation and accumulated impairment losses.

2.9 Investment properties

Investment properties are properties that are owned by the Group that are held either to earn rental income or for capital appreciation or for both, rather than for use in the production or supply of goods or services or for administrative purposes, or in the ordinary course of business.

Investment properties measured at cost are accounted for similarly to property and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

2.10 Development property

Development property is a property acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development property is measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity.

Borrowing costs that are directly attributable to the acquisition and development of the property under development are capitalised as part of property under development during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

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

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when 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 group 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. Impairment losses relating to goodwill cannot be reversed in future periods.

2.12 Subsidiaries

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

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

2.13 Affiliated company

An affiliated company is an entity, not being a subsidiary or an associate, in which the director or shareholder of the Company or a director of a subsidiary has a significant equity interest or exercise significant influence.

2.14 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

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

2.14 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

Initial recognition and measurement (cont'd)

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments (at amortised cost)

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and though amortisation process.

Investments in equity instruments

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

De-recognition

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

(b) *Financial liabilities*

Initial recognition and measurement

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

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

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

2.14 Financial instruments (cont'd)

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

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 derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.15 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 150 to 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.16 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.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

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

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a weighted average basis.

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

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

2.18 Provisions

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

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

2.19 Government grants

Government grants are recognised at their fair values when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the government grant is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

Where the grant relates to income, the grant is 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 under other income.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

2.21 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee share option plans*

Certain employees of the subsidiary receive remuneration in the form of share options as consideration for services rendered. These share options are denominated in Malaysian Ringgit. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option 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 options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

(c) *Employee leave entitlement*

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

2.22 Leases

(i) Before 1 January 2019

The Group as lessee

Leases of assets in which the Group does not transfer substantially all the risks and rewards of ownership of the assets by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are taken to the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

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

2.22 Leases (cont'd)

(i) Before 1 January 2019 (cont'd)

The Group as lessor

Leases of assets in which the Group does not transfer substantially all the risks and rewards of ownership of the assets by the lessor are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.24(f). Contingent rents are recognised as revenue in the period in which they are earned.

(ii) From 1 January 2019

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term, as follows:

Office and clinic premises	2 to 9 years

Right-of-use assets are subject to impairment.

Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the incremental borrowing rate. Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option, if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease liabilities are presented as a separate line on the balance sheets.

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

2.22 Leases (cont'd)

(ii) From 1 January 2019 (cont'd)

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2.23 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.24 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

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

2.24 Revenue (cont'd)

(a) *Rendering of services*

Revenue from the provision of consultations, clinical treatments, medical tests and operations are recognised upon the completion of the services rendered. Revenue from rendering of package services are recognised by reference to the stage of completion of the transaction at the end of the reporting period, determined by the number of sessions utilised as a percentage of the total sessions sold in a package.

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

For the sale of bundled health screening packages, the Group allocates the transaction price to the sale of each distinct service based on their relative stand-alone selling prices. For the sale of bundled vaccination packages, the Group continues to uniformly allocate transaction price based on the pre-determined number of vaccinations within a bundled package as it has assessed the difference of allocating transaction price to the sale of each distinct service based on their relative stand-alone selling prices to be not material. The standalone selling prices are determined based on an adjusted market assessment approach.

(b) *Sale of goods*

Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer, usually on delivery of the goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) *Rental income*

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) *Dividends*

Dividend income from subsidiaries and associates are recognised in profit or loss when the right to receive payment is established.

(e) *Management consultancy fee*

Management consultancy fee income is recognised when the services are rendered.

(f) *Interest income*

Interest income is recognised using the effective interest method.

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

2.24 Revenue (cont'd)

The following accounting policies relate to the Real Estate Business which has been distributed to the Company's shareholders via a distribution in-specie as disclosed in Note 11.

(g) *Sale of development property – overseas*

Revenue from sales of development property is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

(h) *Contract revenue from architectural, civil and structural engineering, master planning, and mechanical and engineering services*

Revenue is recognised in profit or loss when the relevant services are rendered. Revenue is recognised in profit or loss using the stage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total cost for the contract.

Estimated foreseeable losses on uncompleted contracts are made on a contract by contract basis. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the profit or loss.

When the outcome of a contract cannot be estimated reliably, revenue is recognised in profit or loss only to the extent of contract costs incurred that is expected to be recoverable.

(i) *Hospitality services*

Revenue from the rental of hotel rooms and other hotel facilities is recognised when the services are rendered. Revenue from the sale of food and beverage is recognised when the goods are delivered.

2.25 Taxes

(a) *Current income tax*

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

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

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

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

2.25 Taxes (cont'd)

(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 accounting profit nor taxable profit or loss; and

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

Deferred tax assets are recognised for all deductible temporary differences, 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 accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, 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.

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

2.25 Taxes (cont'd)

(c) *Sales tax*

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

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

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

2.26 Share capital and share issuance expenses

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

2.27 Contingencies

A contingent liability is:

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING 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 revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

Key sources of estimation uncertainty

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

(a) *Income and deferred taxes*

The Group has exposure to income taxes in Singapore and Malaysia. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable and deferred tax liabilities as at 30 June 2020 are $6,591,000 (2018: $8,316,000) and $10,298,000 (2018: $6,960,000) respectively.

(b) *Impairment of goodwill*

As disclosed in Note 14 to the financial statements, the recoverable amounts of the cash generating units (CGUs) to which the goodwill has been allocated to are determined based on their value in use calculations. The value in use calculations are based on discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 14 to the financial statements.

The carrying amount of goodwill as at 30 June 2020 is $486,666,000 (2018: $488,077,000).

(c) *Impairment of property and equipment attributable to BB Waterfront Sdn Bhd (BBWF)*

The property and equipment attributable to BBWF comprises mainly freehold land located in Johor Bahru, Malaysia, and is carried at cost less accumulated depreciation and any accumulated impairment loss. The recoverable amount of the CGU to which these assets are attributable to, i.e. BBWF, is determined based on BBWF's value in use calculation. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 14 to the financial statements in conjunction with the impairment of goodwill allocated to BBWF.

As at 30 June 2020, the carrying value of BBWF's property and equipment amounted to $87,108,000 (2018: $68,818,000).

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

(d) *Impairment of investment properties and development property*

The Group's investment properties and development property are located in Johor Bahru, Malaysia. Investment properties are carried at cost less impairment losses, whilst development property is carried at net realisable value. For the purposes of impairment assessment, the Group engaged real estate valuation experts to assess the fair value of these assets as at 30 June 2020. The fair values of the investment properties and development property are determined by independent real estate valuation experts using the market comparison method. This means that the fair values are based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset.

As at 30 June 2020, the Group's investment properties and development property amounted to $102,012,000 (2018: $150,606,000) and $96,058,000 (2018: $142,916,000) respectively.

4. REVENUE

(a) Disaggregation of revenue

	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Major product or service lines		
Rendering of services, including sale of goods	323,329	212,710
Rental income	4,469	2,900
	327,798	215,610
Timing of revenue recognition		
At a point in time	317,617	203,197
Over time	10,181	12,413
	327,798	215,610

For further disaggregation disclosure of revenue by business and geographical segments – refer to Note 34.

(b) Contract balances

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

	Group	
	2020 $'000	2018 $'000
Trade receivables (Note 21)	12,250	14,657
Contract liabilities	3,595	3,410

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to $162,000 (2018: $53,000).

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for rendering of healthcare related package services.

Contract liabilities are recognised as revenue as the Group performs under the contract.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

4. REVENUE (CONT'D)

(b) Contract balances (cont'd)

Significant changes in contract assets/(liabilities) during the financial period/year are as follows:

	Group	
	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Healthcare services		
Revenue recognised that was included in the contract liability balance at the beginning of the period/year	1,315	1,500
Revenue recognised during the period/year	15,551	7,903
Architectural and engineering services		
Revenue recognised during the period/year	37,142	32,645
Progress billings issued	(37,821)	(37,142)
Impairment losses recognised	–	(544)

5. OTHER INCOME

	Group	
	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Sponsorship income	4,982	4,110
Administrative and membership income	1,737	1,021
Employment credits	4,186	493
Insurance claim	45	244
Recovery of credit-impaired receivables	8	51
Property tax and rental rebates	1,650	–
Net foreign exchange loss	(49)	(8)
Others	277	215
	12,836	6,126

Employment credits include the Special Employment Credit, the Wage Credit Scheme and the Jobs Support Scheme. The Special Employment Credit was introduced by the Singapore Government to support employers as well as to raise the employability of older low-wage Singaporeans. The Wage Credit Scheme was introduced to help businesses in Singapore to adjust the rising wage costs in a tight labour market with the objective to allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees. The Jobs Support Scheme was introduced in the Budget 2020 and enhanced subsequently in the four supplementary budgets to provide wage support to employers to help them retain their local employees during the period of economic uncertainty.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

6. FINANCE COSTS

	Group	
	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Interest expense:		
– Loans and borrowings	35,167	17,079
– Interest on lease liabilities	818	–
– Amortisation of financing fees	2,060	1,094
	38,045	18,173

7. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The following items have been included in arriving at (loss)/profit before tax from continuing operations:

		Group	
	Note	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Audit fees:			
– Auditor of the Company		738	479
– Other auditors		31	20
Non-audit fees:			
– Auditor of the Company		229	171
– Other auditors		7	4
Allowance for expected credit losses on trade receivables		481	53
Bad debts written off		13	3
Depreciation of property and equipment	13	15,760	11,240
Depreciation of right-of-use assets	16	9,575	–
Amortisation of intangible assets	14	675	288
Directors' fees		628	466
Impairment loss on development and investment properties	15,19	93,415	1,984
Staff costs	8	101,151	60,330
Inventories recognised as an expense in profit or loss	20	49,527	31,640
Net loss on disposal of property and equipment		851	153
Operating lease expense	30(b)	–	6,052
Lease expense relating to short-term leases and leases of low-value assets	16	1,326	–
Professional fees paid to doctors		55,742	36,838
Transaction costs incurred on corporate exercise		–	328

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

8. STAFF COSTS

	Group	
	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Salaries and bonuses	76,764	45,795
Defined contribution plans	10,984	6,566
Share-based payments	36	223
Other short-term benefits	13,367	7,746
	101,151	60,330

TMCLS Employees' Share Option Scheme (ESOS)

The Group's subsidiary, TMCLS implemented the ESOS scheme in 2015 for a period of five (5) years till 28 May 2020, which has been extended for another 5 years to 28 May 2025. The ESOS which is administered by the Option Committee (OC), is granted to eligible directors and employees (Eligible Persons) of TMCLS to subscribe for shares in TMCLS.

There are no cash settlement alternatives in respect of the share options issued under the ESOS scheme.

Details of all the options to subscribe for ordinary shares of TMCLS pursuant to the ESOS outstanding as at 30 June 2020 are as follows:

Date of issue	No. of share options outstanding	Exercise Price (MYR)	Vesting period
11 June 2015	7,500,000	0.75	5 years
28 August 2015	5,066,000	0.75	5 years
25 January 2017	3,550,000	0.94	3.34 years
26 September 2018	2,000,000	0.94	1.67 years
	18,116,000		

Movements in the number of share options and their related weighted average exercise prices (WAEP) are as follows:

	1 Jan 2019 to 30 Jun 2020		1 Jan 2018 to 31 Dec 2018	
	No.	WAEP (MYR)	No.	WAEP (MYR)
Outstanding at beginning of the period/year	27,128,000	0.83	25,450,500	0.82
– Granted	–	–	2,925,000	0.94
– Forfeited	(9,012,000)	0.89	(1,132,500)	0.79
– Exercised	–	–	(115,000)	0.75
Outstanding at end of the period/year	18,116,000	0.81	27,128,000	0.83
Exercisable at end of the period/year	18,116,000	0.81	17,036,621	0.81

8. STAFF COSTS (CONT'D)

TMCLS Employees' Share Option Scheme (ESOS) (cont'd)

- There were no options granted during the financial period. The weighted average fair value of options granted during the financial year ended 31 December 2018 was MYR0.03.

- There were no options exercised during the financial period. The weighted average share price at the date of exercise of the options exercised during the financial year ended 31 December 2018 was MYR0.82.

- The weighted average remaining contractual life for options outstanding at the end of the period/year is 4.9 (2018: 1.4) years.

Fair values of share options granted

The fair values of the share options as at the date of grant are estimated at the respective grant dates using the Black Scholes Model, taking into account the terms and conditions upon which the share options were granted. The range of inputs to the models used to fair value the share options are shown below:

	26 Sep 2018	19 Dec 2017	25 Jan 2017	28 Aug 2015	11 Jun 2015
Dividend yield (%)	0.21	0.21	0.16	0.57	0.57
Expected volatility (%)	20.94	22.06	17.79	36.73	36.73
Risk-free interest rate (% p.a.)	3.44	3.19	3.40	3.91	3.63
Expected life of option (years)	1.41	2.44	3.34	5.00	5.00
Weighted average share price (MYR)	0.94	0.94	0.94	0.51	0.63

The expected volatility is based on the historic volatility (calculated based on weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information of TMCLS's shares.

9. RELATED PARTY DISCLOSURES

In addition to those related party information disclosed elsewhere in the financial statements, the following are the significant related party transactions entered into by the Group in the ordinary course of business on terms agreed between the parties during the financial period/year:

	Group	
	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
With affiliates		
Purchase of services	(491)	–
Rental expenses	–	(2,955)
With associates		
Dividend income	–	2,200
Management consultancy fees	–	295
With ultimate controlling shareholder		
Hotel apartment fee	72	849

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

9. RELATED PARTY DISCLOSURES (CONT'D)

Compensation of directors and key management personnel

	Group	
	1 Jan 2019 to 30 Jun 2020 $'000	**1 Jan 2018 to 31 Dec 2018 $'000**
Directors' fees	477	382
Salaries and short-term employee benefits	4,606	2,866
Share-based payments	62	60
	5,145	3,308
Comprise amounts paid to:		
Directors of the Company	2,232	2,078
Other key management personnel	2,913	1,230
	5,145	3,308

10. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the financial period/year ended 30 June 2020 and 31 December 2018 are:

		Group	
	Note	**1 Jan 2019 to 30 Jun 2020 $'000**	**1 Jan 2018 to 31 Dec 2018 $'000**
Consolidated statement of profit or loss:			
Current income tax – continuing operations			
– current income taxation		10,960	8,075
– under/(over) provision in respect of previous years		13	(525)
		10,973	7,550
Deferred income tax – continuing operations			
– origination and reversal of temporary differences		(139)	9
– effect of changes in tax rate on real property gains tax		3,148	–
– under/(over) provision in respect of previous years		415	(218)
	26	3,424	(209)
Income tax expense attributable to continuing operations		14,397	7,341
Income tax expense attributable to discontinued operation	11	35	420
Income tax expense recognised in profit or loss		14,432	7,761

10. INCOME TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting (loss)/profit

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial period/year ended 30 June 2020 and 31 December 2018 is as follows:

	Group	
	1 Jan 2019 to 30 Jun 2020 $'000	**1 Jan 2018 to 31 Dec 2018 $'000**
(Loss)/profit before tax from continuing operations	(79,519)	22,041
Loss before tax from discontinued operation (Note 11)	(2,225)	(10,220)
Accounting (loss)/profit before tax	(81,744)	11,821
Tax at the domestic rates applicable to profits in the countries where the Group operates	(12,885)	2,712
Adjustments:		
Non-deductible expenses	24,713	7,933
Income not subject to taxation	(565)	(2,614)
Deferred tax assets not recognised	131	1,472
Effect of partial tax exemption and tax relief	(245)	(1,436)
Effect of changes in tax rate on real property gains tax	3,148	–
Share of results of associates from discontinued operation	–	(170)
Under/(over) provision in respect of previous years	499	(321)
Benefits from previously unrecognised tax losses	(174)	–
Others	(190)	185
	14,432	7,761

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Group's subsidiary, Thomson Hospitals Sdn Bhd (THSB), has obtained approval for the Investment Tax Allowance granted by the Malaysian Investment Development Authority. THSB will enjoy full tax exemption on its qualifying expenditures spent for a period of five years commencing from 2 January 2015, which can be used to deduct against its statutory income.

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISTRIBUTION

On 31 January 2019, the Group completed the distribution in-specie by way of capital reduction of its Real Estate Business (REB) to its shareholders as set out in the circular to shareholders dated 12 November 2018. Under the distribution, the Group's REB comprising both the design and engineering and hospitality businesses which was restructured under RSP Holdings Pte Ltd (RSP) was distributed to the Company's shareholders on the basis of one RSP share for every one ordinary share held in the Company.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISTRIBUTION (CONT'D)

The assets and liabilities related to the REB was presented in the consolidated statement of financial position as at 31 December 2018 as "Assets of disposal group classified as held for distribution" and "Liabilities directly associated with disposal group as held for distribution". The results of the REB for the period up till the completion of the distribution was presented separately in profit or loss as "Loss from discontinued operation, net of tax".

Statement of financial position disclosures

Major classes of assets and liabilities of the Real Estate Business classified as held for distribution and the related reserves as at 31 January 2019 and 31 December 2018 are as follows:

	Group	
	31 Jan 2019 $'000	**31 Dec 2018 $'000**
Assets:		
Property and equipment	45,065	44,163
Intangible assets	42,574	42,644
Investment in associates	24,829	24,916
Other investments	1,110	1,048
Deferred tax assets	565	554
Contract assets	25,586	26,854
Inventories	179	170
Trade and other receivables	44,194	46,311
Cash and short-term deposits	24,101	23,746
Assets of disposal group classified as held for distribution	208,203	210,406
Liabilities:		
Contract liabilities	(5,122)	(5,121)
Trade and other payables	(25,001)	(27,055)
Income tax payable	(31)	(246)
Purchase consideration payable	(653)	(628)
Interest-bearing loans and borrowings	(22,844)	(22,406)
Deferred tax liabilities	(2,272)	(2,147)
Liabilities directly associated with disposal group classified as held for distribution	(55,923)	(57,603)
Net assets directly associated with disposal group classified as held for distribution	152,280	152,803
Reserves:		
Fair value reserve	412	474
Foreign currency translation reserve	1,319	999
Statutory reserve	(197)	(197)
	1,534	1,276

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISTRIBUTION (CONT'D)

Statement of comprehensive income disclosures

The results of the Real Estate Business financial period/year ended 30 June 2020 and 31 December 2018 are as follows:

	Group	
	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Revenue	7,036	95,960
Other income	1,188	18,946
Staff costs	(6,244)	(73,102)
Depreciation and amortisation expenses	(327)	(5,970)
Other operating expenses	(3,732)	(46,375)
Share of results of associates, net of tax	(86)	1,002
Results from operating activities	(2,165)	(9,539)
Finance income	12	96
Finance costs	(72)	(777)
Loss before tax from discontinued operation	(2,225)	(10,220)
Income tax expense	(35)	(420)
Loss from discontinued operation, net of tax	(2,260)	(10,640)

Statement of cash flows disclosures

The cash flows attributable to the Real Estate Business are as follows:

	Group	
	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Operating	1,355	(3,496)
Investing	(349)	219
Financing	11	7,094
Net cash inflows	1,017	3,817

Loss per share disclosures

	Group	
	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Loss per share from discontinued operation attributable to owners of the Company (cents per share)		
Basic	(0.008)	(0.033)
Diluted	(0.008)	(0.033)

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

11. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISTRIBUTION (CONT'D)

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These losses and share data are presented in the tables in Note 12(a).

12. (LOSS)/EARNINGS PER SHARE

Continuing operations

Basic (loss)/earnings per share from continuing operations are calculated by dividing (loss)/profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted (loss)/earnings per share from continuing operations are calculated by dividing (loss)/profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the (loss)/profit and share data used in the computation of basic and diluted (loss)/earnings per share for the period/year ended 30 June 2020 and 31 December 2018:

	Group	
	1 Jan 2019 to 30 Jun 2020 $'000	**1 Jan 2018 to 31 Dec 2018 $'000**
(Loss)/profit for the year attributable to owners of the Company	(99,196)	2,161
Add back: Loss from discontinued operation, net of tax, attributable to owners of the Company	2,205	8,682
(Loss)/profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted (loss)/earnings per share from continuing operations	(96,991)	10,843

	Group	
	1 Jan 2019 to 30 Jun 2020 No. of shares '000	**1 Jan 2018 to 31 Dec 2018 No. of shares '000**
Weighted average number of ordinary shares for basic (loss)/earnings per share computation	26,382,000	26,072,423
Dilutive effect of warrants	–	190,118
Weighted average number of ordinary shares for diluted (loss)/earnings per share computation	26,382,000	26,262,541

13. PROPERTY AND EQUIPMENT

Group	Freehold land $'000	Long term leasehold land $'000	Building and improvements $'000	Renovations $'000	Furniture and fittings $'000	Medical, electrical equipment and appliances $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction -in-progress $'000	Total $'000
Cost:										
At 1 January 2018	213,529	22,397	158,537	22,248	7,222	54,679	9,039	709	9,895	498,255
Additions	–	–	3,692	4,469	642	4,771	977	2	12,163	26,716
Disposals/write off	–	–	(12)	(196)	(671)	(909)	(489)	(1)	–	(2,278)
Disposal of subsidiaries (Note 17(d))	–	–	(18,899)	–	(121)	–	(88)	–	–	(19,108)
Reclassification to intangible assets (Note 14)	–	–	–	(667)	–	–	(62)	–	–	(729)
Reclassifications	–	–	–	(1,236)	2,053	338	(488)	–	(667)	–
Attributable to discontinued operation (Note 11)	–	–	(74,566)	(3,041)	(3,757)	–	(4,847)	(39)	–	(86,250)
Exchange differences	135	51	(2,688)	5	(60)	18	26	1	(105)	(2,617)
At 31 December 2018	213,664	22,448	66,064	21,582	5,308	58,897	4,068	672	21,286	413,989
Accumulated depreciation:										
At 1 January 2018	–	1,304	42,382	8,117	4,384	34,923	6,165	237	–	97,512
Charge for the year										
– Continuing operations	–	240	3,285	2,156	351	4,714	429	65	–	11,240
– Discontinued operation	–	–	2,049	445	94	–	992	16	–	3,596
Disposals/write off	–	–	(2)	(85)	(76)	(880)	(466)	(1)	–	(1,510)
Disposal of subsidiaries (Note 17(d))	–	–	–	–	–	–	(3)	–	–	(3)
Reclassification to intangible assets (Note 14)	–	–	–	–	–	–	(380)	–	–	(380)
Reclassifications	–	–	–	(152)	168	–	(16)	–	–	–
Attributable to discontinued operation (Note 11)	–	–	(36,930)	(878)	(1,054)	–	(3,266)	41	–	(42,087)
Exchange differences	–	–	(140)	(8)	(20)	1	4	–	–	(163)
At 31 December 2018	–	1,544	10,644	9,595	3,847	38,758	3,459	358	–	68,205
Net carrying amount:										
At 31 December 2018	213,664	20,904	55,420	11,987	1,461	20,139	609	314	21,286	345,784

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

13. PROPERTY AND EQUIPMENT (CONT'D)

Group	Freehold land $'000	Long term leasehold land $'000	Building and improvements $'000	Renovations $'000	Furniture and fittings $'000	Medical, electrical equipment and appliances $'000	Office equipment and computers $'000	Motor vehicles $'000	Construction -in-progress $'000	Total $'000
Cost:										
At 1 January 2019	213,664	22,448	66,064	21,582	5,308	58,897	4,068	672	21,286	413,989
Reclassification to right-of-use assets on initial application of SFRS(I) 16	–	–	–	(421)	–	–	–	–	–	(421)
Additions	–	–	50	5,084	226	7,372	730	–	66,430	79,892
Disposals/write off	–	–	–	(866)	(54)	(2,674)	(140)	–	(7)	(3,741)
Reclassifications from construction-in-progress	–	–	(7)	323	–	190	–	–	(506)	–
Exchange differences	(774)	(293)	(324)	(90)	(22)	(373)	(53)	(2)	(995)	(2,926)
At 30 June 2020	212,890	22,155	65,783	25,612	5,458	63,412	4,605	670	86,208	486,793
Accumulated depreciation:										
At 1 January 2019	–	1,544	10,644	9,595	3,847	38,758	3,459	358	–	68,205
Reclassification to right-of-use assets on initial application of SFRS(I) 16	–	–	–	(115)	–	–	–	–	–	(115)
Charge for the period	–	355	4,633	3,591	490	6,070	527	94	–	15,760
Disposals/write off	–	–	–	(207)	(49)	(2,294)	(137)	–	–	(2,687)
Exchange differences	–	(24)	(87)	(44)	(14)	(237)	(48)	(1)	–	(455)
At 30 June 2020	–	1,875	15,190	12,820	4,274	42,297	3,801	451	–	80,708
Net carrying amount:										
At 30 June 2020	212,890	20,280	50,593	12,792	1,184	21,115	804	219	86,208	406,085

13. PROPERTY AND EQUIPMENT (CONT'D)

Company	Furniture and fittings $'000	Office equipment and computers $'000	Renovation $'000	Motor vehicle $'000	Total $'000
Cost					
At 1 January 2018	3	175	–	136	314
Additions	128	48	195	–	371
Disposals/write off	(3)	(182)	–	–	(185)
At 31 December 2018 and 1 January 2019	128	41	195	136	500
Additions	7	14	–	–	21
Disposals/write off	–	(4)	–	–	(4)
At 30 June 2020	135	51	195	136	517
Accumulated depreciation					
At 1 January 2018	1	153	–	37	191
Charge for the year	8	11	33	18	70
Disposals/write off	(1)	(159)	–	–	(160)
At 31 December 2018 and 1 January 2019	8	5	33	55	101
Charge for the period	40	27	146	28	241
Disposals/write off	–	(2)	–	–	(2)
At 30 June 2020	48	30	179	83	340
Net carrying amount					
At 31 December 2018	120	36	162	81	399
At 30 June 2020	87	21	16	53	177

As at the end of the financial period, a freehold building and a leasehold land with a total carrying amount of $63,348,000 (2018: $800,000) has been pledged as security for interest-bearing loan and borrowings as discussed in Note 24.

During the financial period, interest expense of $198,000 (2018: Nil) was capitalised as construction-in-progress.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

14. INTANGIBLE ASSETS

Group	Customer relationship $'000	Hospital management $'000	Computer software $'000	Order backlog $'000	Customer contract $'000	Goodwill $'000	Total $'000
Cost:							
At 1 January 2018	2,812	698	957	25,524	9,634	845,831	885,456
Additions	–	–	193	–	–	–	193
Disposal of subsidiaries (Note 17(d))	–	–	–	–	(9,634)	–	(9,634)
Reclassification from property and equipment (Note 13)	–	–	729	–	–	–	729
Reclassifications upon completion of purchase price allocation	–	–	–	524	–	(428)	96
Attributable to discontinued operation (Note 11)	–	–	–	(26,048)	–	(357,572)	(383,620)
Exchange differences	–	–	(11)	–	–	246	235
At 31 December 2018	2,812	698	1,868	–	–	488,077	493,455
Accumulated amortisation and impairment:							
At 1 January 2018	2,812	698	157	22,778	3,234	308,089	337,768
Amortisation							
– Continuing operations	–	–	288	–	–	–	288
– Discontinued operation	–	–	–	1,841	533	–	2,374
Impairment loss	–	–	–	381	–	7,886	8,267
Disposal of subsidiaries (Note 17(d))	–	–	–	–	(3,767)	–	(3,767)
Reclassification from property and equipment (Note 13)	–	–	380	–	–	–	380
Attributable to discontinued operation (Note 11)	–	–	–	(25,000)	–	(315,976)	(340,976)
Exchange differences	–	(10)	–	–	–	1	(9)
At 31 December 2018	2,812	698	815	–	–	–	4,325
Net carrying amount:							
At 31 December 2018	–	–	1,053	–	–	488,077	489,130

14. INTANGIBLE ASSETS (CONT'D)

Group	Customer relationship $'000	Hospital management $'000	Computer software $'000	Goodwill $'000	Brand name $'000	Total $'000
Cost:						
At 1 January 2019	2,812	698	1,868	488,077	–	493,455
Additions	–	–	217	–	200	417
Exchange differences	–	–	(20)	(1,411)	–	(1,431)
At 30 June 2020	2,812	698	2,065	486,666	200	492,441
Accumulated amortisation and impairment:						
At 1 January 2019	2,812	698	815	–	–	4,325
Amortisation	–	–	567	–	108	675
Exchange differences	–	–	(12)	–	–	(12)
At 30 June 2020	2,812	698	1,370	–	108	4,988
Net carrying amount:						
At 30 June 2020	–	–	695	486,666	92	487,453

Impairment testing of goodwill

Goodwill is derived from the excess of purchase consideration over the fair value of the identifiable net assets acquired. Goodwill arising from business combinations has been allocated to the following cash-generating units (CGUs) for impairment testing:

	2020 $'000	2018 $'000
Thomson Medical Pte Ltd (TMPL)	379,788	379,788
Clinic	146	146
TMC Life Sciences Berhad (TMCLS)	43,896	44,476
BB Waterfront Sdn Bhd (BBWF)	62,836	63,667
	486,666	488,077

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a three to five-year period, except for BBWF. BBWF owns Thomson Iskandar, a medical hub project under construction and development in Malaysia. The cash flow projections used in the value-in-use calculations for BBWF were based on financial budgets approved by management covering a fifteen-year period which comprises an initial five-year period of construction and development, followed by a ten-year period of medical hub operations and an imputed terminal growth thereafter.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

14. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill (cont'd)

The discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow beyond the forecasted period are as follows:

	Terminal growth rates (%)		Discount rates	
	2020	**2018**	**2020**	**2018**
TMPL	3.0	3.0	6.2	5.5
Clinic	5.0	5.0	7.7	7.5
TMCLS	4.0	4.0	9.0	9.0
BBWF	3.5	3.5	6.8	8.8

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

Growth rates – The growth rates indicated are estimated by management based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates reflect management's estimate of risks specific to each CGU.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use for the CGUs, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

Impairment loss attributable to the Real Estate Business

During the financial year ended 31 December 2018, an impairment loss was recognised to write-down the carrying amount of order backlog and goodwill attributable to the Real Estate Business that has been classified as discontinued operation (Note 11). The impairment loss of $381,000 for order backlog and $7,886,000 for goodwill had been recognised in profit or loss under the line item "Loss on discontinued operation, net of tax".

15. INVESTMENT PROPERTIES

Group	Freehold land $'000	Building $'000	Total $'000
Cost			
At 1 January 2018	163,299	–	163,299
Additions	41	–	41
Exchange differences	395	–	395
At 31 December 2018 and 1 January 2019	163,735	–	163,735
Additions	12	823	835
Exchange differences	(2,135)	(9)	(2,144)
At 30 June 2020	161,612	814	162,426
Accumulated depreciation and impairment			
At 1 January 2018	11,687	–	11,687
Impairment loss for the period	1,405	–	1,405
Exchange differences	37	–	37
At 31 December 2018 and 1 January 2019	13,129	–	13,129
Impairment loss for the period	47,937	–	47,937
Charge for the period	–	29	29
Exchange differences	(681)	–	(681)
At 30 June 2020	60,385	29	60,414
Net carrying amount			
At 31 December 2018	150,606	–	150,606
At 30 June 2020	101,227	785	102,012

The investment properties include a piece of freehold land, measuring 9.23 hectares located within the Iskandar Development Region, Johor Bahru, Malaysia. The freehold land portion accounts for 51.31% of the total land area. During the financial year ended 31 December 2018, the property was pledged as security for interest-bearing loans and borrowings as disclosed in Note 24. These loans and borrowings have been fully repaid during the current financial period.

Impairment loss

During the current financial period, an impairment loss of $47,937,000 (2018: $1,405,000) was recognised following a review of the recoverable amount of the freehold land.

The recoverable amount of the freehold land was determined based on fair value using the direct comparison method. The fair value measurement was categorised as Level 3 based on the inputs in the valuation technique used (Note 31(d)).

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

16. RIGHT-OF-USE ASSETS

	Group	Company
	Office and clinic premises $'000	**Office premise $'000**
Cost		
At 1 January 2019 – effects of adoption of SFRS(I) 16	10,268	633
Additions	12,332	–
Exchange differences	(31)	–
At 30 June 2020	22,569	633
Accumulated depreciation		
At 1 January 2019	–	–
Charge for the period	9,575	367
Exchange differences	(7)	–
At 30 June 2020	9,568	367
Carrying amount	13,001	266

Amounts recognised in profit or loss:		
Depreciation of right-of-use assets	9,575	367
Interest expense on lease liabilities (Note 6)	818	26
Lease expense relating to short-term leases and leases of low-value assets	1,326	–

Lease expenses relating to short-term leases and leases of low-value assets are included in "Other operating expenses".

The Group had total cash outflows for leases of $11,294,000 for the financial period from 1 January 2019 to 30 June 2020 since the adoption of SFRS(I) 16 *Leases* in the current financial period.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 $'000	**2018 $'000**
Shares, at cost	2,410,778	2,854,094
Less: Impairment loss	(192,314)	(471,995)
Reclassification to assets of disposal group classified as held for distribution	–	(87,296)
	2,218,464	2,294,803

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group

The Group has the following significant investments in subsidiaries:

Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2020	2018
Held by the Company:				
Sasteria Pte Ltd[(1)]	Singapore	Investment holding	100	100
Vantage Bay JB Sdn. Bhd.[(3)]	Malaysia	Property development	100	100
Held through Sasteria Pte Ltd:				
Sasteria (M) Pte Ltd[(1)]	Singapore	Investment holding	100	100
Thomson Medical Pte Ltd[(1)]	Singapore	Operates a hospital	100	100
Held through Thomson Medical Pte Ltd:				
Thomson Paediatric Centre Pte Ltd[(1)]	Singapore	Operates a specialist paediatric medical clinic	80	80
Held through Sasteria (M) Pte Ltd:				
TMC Life Sciences Berhad[(2)]	Malaysia	Investment holding	70.13	70.35
Held through TMC Life Sciences Berhad:				
Thomson Hospitals Sdn Bhd[(2)]	Malaysia	Multi-disciplinary tertiary care services	100	100
BB Waterfront Sdn Bhd[(2)]	Malaysia	Provision of healthcare services	100	100
TMC Biotech Sdn Bhd[(2)]	Malaysia	Provision of fertility consultancy, laboratory and embryology services and research and development	100	100

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2020	2018
Held through Thomson Hospitals Sdn Bhd:				
TMC Women's Specialist Holdings Sdn Bhd(2)	Malaysia	Business of operating fertility centres and providing related services	100	100
Entities attributed to the Real Estate Business:				
RSP Architects Planners & Engineers (Pte) Ltd(3)	Singapore	Architects, planners and engineers	–	100
Rowsley Hospitality Holdings Pte. Ltd.(3)	Singapore	Investment holding	–	100
RSP Architects Planners & Engineers (Vietnam) Co., Ltd(4)	Socialist Republic of Vietnam	Architects and planners	–	100
Squire Mech Private Limited (5)	Singapore	Consulting engineering	–	100

These entities were included in the disposal group classified as held for distribution as at 31 December 2018, and were distributed on 31 January 2019.

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of EY Global
(3) Audited by member firms of KPMG International
(4) Audited by Pham Dinh Duong, Crowe Vietnam Co., Ltd
(5) Audited by Deloitte & Touche LLP, Singapore

(b) Interest in subsidiary with material non-controlling interest (NCI)

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

	TMC Life Sciences Berhad and its subsidiaries	
	1 Jan 2019 to 30 Jun 2020	**1 Jan 2018 to 31 Dec 2018**
Proportion of ownership interest held by NCI (%)	29.87	29.65
Profit allocated to NCI during the reporting period ($'000)	2,107	3,076
Accumulated NCI at the end of reporting period ($'000)	75,047	72,718
Dividends paid to NCI ($'000)	648	460

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiary with material NCI

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

Summarised consolidated statement of financial position

	TMC Life Sciences Berhad and its subsidiaries	
	2020 $'000	**2018 $'000**
Current		
Assets	60,505	84,128
Liabilities	(22,658)	(13,492)
Net current assets	37,847	70,636
Non-current		
Assets	248,863	181,490
Liabilities	(35,386)	(4,788)
Net non-current assets	213,477	176,702
Net assets	251,324	247,338

Summarised consolidated statement of comprehensive income

	TMC Life Sciences Berhad and its subsidiaries	
	1 Jan 2019 to 30 Jun 2020 $'000	**1 Jan 2018 to 31 Dec 2018 $'000**
Revenue	94,220	59,326
Profit before tax	14,457	11,699
Income tax expense	(6,345)	(1,928)
Profit after tax, representing total comprehensive income	8,112	9,771

Other summarised information

	TMC Life Sciences Berhad and its subsidiaries	
	1 Jan 2019 to 30 Jun 2020 $'000	**1 Jan 2018 to 31 Dec 2018 $'000**
Net cash flows from operations	23,278	10,529

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Disposal of subsidiaries

Ariva Pte. Ltd.

On 28 September 2018, a wholly-owned subsidiary of the Group entered into a sale agreement to dispose of 100% of its equity interest in its wholly-owned subsidiary, Ariva Pte. Ltd. (Ariva), at a consideration of $3,380,000. A gain on disposal of $2,088,000 has been included in profit or loss in the "Loss from discontinued operation, net of tax".

Finestday Limited

On 9 November 2018, a wholly-owned subsidiary of the Group entered into a sale agreement to dispose of its 50% equity interest held in its subsidiary, Finestday Limited (Finestday), at a consideration of $2,114,000. A gain on disposal of $417,000 has been included in profit or loss in the "Loss from discontinued operation, net of tax".

The disposals were completed on the respective dates of the sale agreements, on which date of control of these entities were passed to the acquirers.

The value of assets and liabilities of these subsidiaries recorded in the consolidated financial statements as at the date of disposal, and the effects of the disposals were:

	2018 $'000
Property and equipment	19,105
Intangible assets	5,867
Investment in associates	1,208
Trade and other receivables	757
Cash and cash equivalents	193
	27,130
Trade and other payables	(7,625)
Interest-bearing loans and borrowings	(7,719)
Income tax payable	(9)
Purchase consideration payable	(4,756)
Deferred tax liabilities	(1,427)
Net assets de-recognised	5,594
Less: Non-controlling interest	(1,847)
Reclassification of other reserves	(758)
Gain on disposal of subsidiaries	2,505
Consideration	5,494
Consideration received, satisfied in cash	3,380
Cash and cash equivalents of subsidiaries	(193)
Net cash inflow on disposal of subsidiaries	3,187

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

17. INVESTMENT IN SUBSIDIARIES (CONT'D)

(e) Acquisition of ownership interest in subsidiary, without loss of control

On 13 April 2018, pursuant to the very substantial acquisition of Sasteria, the Group acquired 320,000,000 ordinary shares and 186,666,666 warrants in TMCLS from companies related to the controlling shareholder. The aggregate consideration of the acquisitions amounted to $94,201,000. This resulted in an increase in the Group's equity interest in TMCLS by 18.42%, from 51.93% to 70.35%. The carrying value of the net assets of TMCLS at acquisition date was $242,986,000 and the carrying value of the additional interest acquired was $44,824,000. The difference of $49,377,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Capital reserve" within equity.

	$'000
Consideration paid for acquisition of non-controlling interests	94,201
Decrease in equity attributable to non-controlling interests	(44,824)
Decrease in equity attributable to owners of the Company	49,377

18. INVESTMENT IN ASSOCIATES

As at 31 December 2018, the Group's investment in associates have been included in the statement of financial position in the "Assets of disposal group classified as held for distribution" line item.

Name of Company	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2020	2018
Held through subsidiaries				
RSP Design Consultants (India) Private Ltd[1] (RSP India)	India	Design consultancy	–	34.72

[1] Audited by a member firm of KPMG International

19. DEVELOPMENT PROPERTY

	Group	
	2020 $'000	2018 $'000
Cost		
At beginning of the period/year	154,616	154,241
Exchange differences	(2,016)	375
At end of the year	152,600	154,616
Accumulated impairment losses		
At beginning of the period/year	11,700	11,089
Impairment loss	45,478	579
Exchange differences	(636)	32
At end of the period/year	56,542	11,700
Carrying amount	96,058	142,916

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

19. DEVELOPMENT PROPERTY (CONT'D)

During the financial year ended 31 December 2018, the property was pledged as security for interest-bearing loans and borrowings as disclosed in Note 24. These loans and borrowings have been fully repaid during the current financial period.

Management estimated the recoverable amount of the property based on the fair value carried out by an independent professional valuer using the direct comparison method. As a result, the Group recorded an impairment loss of $45,478,000 (2018: $579,000) during the current financial period.

The development property held by the Group at the end of the financial period/year is as follows:

Description and location	Existing use	Tenure	Gross floor area	Interest %
Land under development in Malaysia's Iskandar Development Region	Residential	Freehold	494,426 sqm	100

20. INVENTORIES

	Group	
	2020 $'000	2018 $'000
Drugs and pharmaceutical products	6,151	5,540

During the current and previous financial period/year, there has been no inventory written off or allowance for inventory obsolescence.

Inventories amounting to $49,527,000 (2018: $31,640,000) were recognised as an expense in profit or loss during the financial period/year.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 $'000	2018 $'000	2020 $'000	2018 $'000
Trade receivables	12,250	14,657	–	–
Other receivables	7,475	4,718	121	148
Deposits	2,459	2,161	69	74
Prepaid operating expenses	1,396	1,403	19	307
Amounts due from subsidiaries (non-trade)	–	–	394,871	175,314
Total trade and other receivables	23,580	22,939	395,080	175,843
Less: Prepaid operating expenses	(1,396)	(1,403)	(19)	(307)
Add: Cash and short-term deposits (Note 22)	159,975	121,745	95,292	6,141
Total financial assets carried at amortised cost	182,159	143,281	490,353	181,677

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related party balances

Amounts due from subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

There are no trade and other receivables denominated in foreign currencies as at 30 June 2020 and 31 December 2018.

Expected credit losses (ECL)

As at 30 June 2020, the Group has gross trade receivables amounting to $13,103,000 (2018: $16,327,000). The aging analysis and ECLs for trade receivables are as follows:

	Group			
	2020		2018	
	Gross carrying amount $'000	Loss allowance provision $'000	Gross carrying amount $'000	Loss allowance provision $'000
Current	6,334	106	7,948	90
Less than 30 days	1,990	45	3,543	62
30 days to 60 days	715	26	879	54
61 days to 90 days	611	10	467	48
More than 90 days	3,453	666	3,490	1,416
Total	13,103	853	16,327	1,670

The movement in the allowance for expected credit losses in respect of trade receivables are computed based on lifetime ECL are as follows:

	Group	
	2020 $'000	2018 $'000
Movement in allowance accounts:		
At beginning of the year	1,670	1,804
Charge for the year	481	53
Written back	(12)	(77)
Written off	(1,281)	(114)
Exchange differences	(5)	4
At end of the year	853	1,670

During the financial period, the Group wrote-off $1,281,000 (2018: $114,000) of trade receivables as the Group does not expect to receive future cash flows.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

22. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2020 $'000	2018 $'000	2020 $'000	2018 $'000
Cash at banks and on hand	41,008	31,687	3,147	339
Short-term deposits	118,967	90,058	92,145	5,802
Cash and short-term deposits	159,975	121,745	95,292	6,141

Cash at banks are non-interest bearing. Short-term deposits are made for varying periods of between 3 months to 6 months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 30 June 2020 for the Group and the Company are 3.33% and 1.06% (2018: 3.37% and 0.37%) per annum respectively.

Pledged deposits of $12,468,000 (2018: $6,580,000) are pledged as security for the interest-bearing loans and borrowings as disclosed in Note 24.

The Group has no significant cash and short-term deposits denominated in foreign currencies as at 30 June 2020 and 31 December 2018.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

		Group	
	Note	2020 $'000	2018 $'000
Cash and short-term deposits			
– Continuing operations		159,975	121,745
– Discontinued operation	11	–	23,746
		159,975	145,491
Less: Pledged deposits		(12,468)	(6,580)
Cash and cash equivalents		147,507	138,911

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 $'000	2018 $'000	2020 $'000	2018 $'000
Trade payables	12,962	14,587	–	–
Other payables	15,119	6,515	13	114
Accrued operating expenses	26,778	15,418	8,392	1,725
GST payable	2,008	2,147	252	–
Deposits received	817	1,568	–	–
Total trade and other payables	57,684	40,235	8,657	1,839
Add: Amounts due to the ultimate controlling shareholder	–	9,811	–	9,811
Add: Interest-bearing loans and borrowings (Note 24)	649,261	578,301	398,171	129,569
Less: GST payable	(2,008)	(2,147)	(252)	–
Total financial liabilities carried at amortised cost	704,937	626,200	406,576	141,219

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days' terms.

Related party balances

Amounts due to the ultimate controlling shareholder are unsecured, non-interest bearing and to be settled in cash.

24. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2020 $'000	2018 $'000	2020 $'000	2018 $'000
Current:				
Secured bank loans	20	236,628	–	129,569
Obligations under finance leases (Note 30(d))	–	8	–	–
	20	236,636	–	129,569
Non-current:				
Secured bank loans	251,070	341,664	–	–
Medium-term notes	398,171	–	398,171	–
Obligations under finance leases (Note 30(d))	–	1	–	–
	649,241	341,665	398,171	–
Total interest-bearing loans and borrowings	649,261	578,301	398,171	129,569

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

24. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

Secured bank loans

Bank loan of the Company which has been fully repaid during the current financial period is denominated in SGD, and bears interest at floating interest rate ranging from 3.30% to 4.48% (2018: 4.05% to 4.31%) per annum. As at 31 December 2018, the loan was secured on the Group's investment and development properties as disclosed in Notes 15 and 19 respectively.

Bank loan of the subsidiary companies amounting to $251,090,000 (2018: $448,723,000), are secured by a charge over certain shares and assets of the subsidiaries and corporate guarantees provided by the Company and a subsidiary of the Company. The effective interest rates of the loans range from 1.99% to 3.75% (2018: 3.26% to 5.11%) per annum. These loans are denominated in SGD, except for bank loans amounting to $26,576,000 (2018: $548,000) which are denominated in Malaysian Ringgit. These loans have maturity dates ranging from 2020 to 2030.

Medium-term note

During the current financial period, the Company issued $225,000,000 4.8% Notes and $175,000,000 4.05% Notes due in 2022 and 2025 respectively under its $500 million Multicurrency Debt Issuance Programme. The interest is payable semi-annually and is secured by a charge over an interest service reserve account equivalent to one interest payment on the notes.

Obligations under finance leases

These obligations were secured by a charge over the leased assets. The average discount rate implicit in the leases was 4.53% per annum. These obligations have been fully repaid during the current financial period.

A reconciliation of liabilities arising from the Group's financing activities is as follows:

			Non-cash changes		
	1 Jan 2019 $'000	Cash flows from financing activities $'000	Amortisation of financing fees $'000	Foreign exchange movement $'000	30 Jun 2020 $'000
Secured bank loans	578,292	(328,333)	1,419	(288)	251,090
Medium-term notes	–	397,530	641	–	398,171
Obligations under finance leases	9	(9)	–	–	–
Total	578,301	69,188	2,060	(288)	649,261

24. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

Obligations under finance leases (cont'd)

			Non-cash changes				
	1 Jan 2017 $'000	**Cash flows from financing activities $'000**	**Amortisation of financing fees $'000**	**Foreign exchange movement $'000**	**Disposal of subsidiaries $'000**	**Reclassified as part of disposal group $'000**	**31 Dec 2018 $'000**
Secured bank loans	121,300	486,992	1,094	(969)	(7,719)	(22,406)	578,292
Medium-term notes	99,906	(100,000)	94	–	–	–	–
Obligations under finance leases	16	(7)	–	–	–	–	9
Total	221,222	386,985	1,188	(969)	(7,719)	(22,406)	578,301

25. LEASE LIABILITIES

	Group $'000	**Company $'000**
At 1 January 2019	10,236	633
Additions	12,332	–
Accretion of interests	818	26
Payments	(9,968)	(386)
Exchange differences	(24)	–
At 30 June 2020	13,394	273
Current	5,605	252
Non-current	7,789	21

The maturity analysis of lease liabilities is disclosed in Note 32(b).

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

26. DEFERRED INCOME TAX

	Group		Group	
	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2020 $'000	2018 $'000	**1 Jan 2019 to 30 Jun 2020 $'000**	1 Jan 2018 to 31 Dec 2018 $'000
Deferred tax liabilities:				
Differences in depreciation for tax purposes	(4,866)	(4,375)	515	(403)
Fair value adjustments on acquisition of subsidiaries	(6,181)	(3,099)	3,122	(9)
Provisions	749	545	(213)	81
Other items	–	(31)	–	–
	(10,298)	(6,960)		
Deferred tax assets:				
Unutilised tax losses	–	–	–	122
	(10,298)	(6,960)	3,424	(209)

Unrecognised capital allowances and tax losses

At the end of the reporting period, the Group had unutilised capital allowances and unabsorbed tax losses amounting to approximately $264,000 (2018: $504,000) and $5,050,000 (2018: $2,067,000) respectively 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 unutilised capital allowances and unabsorbed tax losses is subject to agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

27. PROVISION

	Group	
	2020 $'000	**2018 $'000**
At beginning of the year	297	194
Arose during the financial period/year	310	103
Exchange differences	25	–
At end of the year	632	297

This relates to restoration costs estimated to dismantle or remove plant and equipment or restore rented operating premises to their original condition arising from the return of the leases of rented operating premises to the landlords pursuant to lease agreements.

28. SHARE CAPITAL

	Group and Company			
	2020		2018	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At beginning of the year	26,072,881	2,772,209	4,738,417	788,267
Conversion of bonus warrants	368,136	29,455	1,130	102
Non-cash distribution to owners of the Company (Note 1.2)	–	(155,973)	–	–
Capital reduction (Note 1.2)	–	(281,194)	–	–
Issued for acquisition of a subsidiary	–	–	21,333,334	1,984,000
Share issuance expenses	–	–	–	(160)
At end of the year	26,441,017	2,364,497	26,072,881	2,772,209

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.

29. OTHER RESERVES

Merger reserve

This represents the difference between the consideration transferred and the share capital of the subsidiaries under common control which were accounted for by applying the pooling of interest method.

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.

Capital reserve

Capital reserve represents the premium paid or discounts on acquisition of non-controlling interests.

Warrant reserves

The warrant reserve represents the 266,666,666 detachable warrants issued by the Company's subsidiary pursuant to the acquisition of BBWF. These warrants had expired on 21 June 2019 and all unexercised warrants have been transferred to retained earnings during the period.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

30. COMMITMENTS

(a) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2020 $'000	**2018 $'000**
Capital commitment in respect of property and equipment	56,066	110,187

There was no significant future capital expenditure/commitment for the Company.

(b) *Lessee's lease commitment*

The Group entered into commercial leases relating to the rental of medical clinics, warehouse, office premises and equipment. These leases have an average tenure of between three and six years.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to $6,052,000.

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

	Group
	2018 $'000
Not later than one year	5,154
Later than one year but not later than five years	4,901
	10,055

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 30 June 2020, except for short-term and low-value leases.

(c) *Lessor's lease commitment*

The Group leases out commercial space to non-related parties under non-cancellable operating leases. These lease have terms ranging between one to three years. All lease contracts include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Rental income recognised by the Group during the financial period is $4,469,000 (2018: $2,900,000).

30. COMMITMENTS (CONT'D)

(c) *Lessor's lease commitment (cont'd)*

Future minimum rentals receivable under non-cancellable operating leases at the end of the financial period/year is as follows:

	Group	
	2020 $'000	**2018 $'000**
Within one year	1,757	1,822
After one year but not more than five years	787	2,092
	2,544	3,914

(d) *Finance lease commitments*

The Group had finance lease for a motor vehicle.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2018	
	Minimum lease payment $'000	**Present value of payments $'000**
Not later than one year	9	8
Later than one year but not later than five years	1	1
Total minimum lease payments	10	9
Less: Amounts representing finance charges	(1)	–
Present value of minimum lease payments	9	9

With the adoption of SFRS(I) 16 *Leases*, finance leases were reclassified from loans and borrowings to lease liabilities with effect from 1 January 2019.

31. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

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

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

Level 2 – Inputs other 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 at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

31. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value

Disposal group classified as held for distribution recorded in the consolidated statement of financial position as at 31 December 2018 approximated its fair value.

(c) Assets and liabilities not measured at fair value, for which fair value is disclosed

	Level 3 $'000	Fair value Total $'000	Carrying amount $'000
2020			
Assets			
Freehold land included in investment properties	101,227	101,227	101,227
2018			
Assets			
Freehold land included in investment properties	150,606	150,606	150,606
Liabilities			
Obligations under finance leases	9	9	10

The fair value of the freehold land included in investment properties as at the end of the reporting period is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is determined by an independent professional valuer, using the direct comparison method. The direct comparison method involves the analysis and study of recent sales evidence of similar properties in comparable developments in the subject/comparable vicinities.

The following table shows the Group's valuation technique used in measuring the fair value of the freehold land included in investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Direct Comparison Method The approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties	Price per square foot: MYR610 (2018: MYR896)	Significant increases in price per square foot would result in a significantly higher fair value measurement

32. 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 include credit risk, liquidity risk and interest rate risk. The directors review and agree on policies and procedures for the management of each of these risks. It is, and has been throughout the current financial period 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 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 exposure 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.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all customers who wish to obtain services on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 150 to 180 days when they fall due, which are derived based on the Group's historical information.

To assess the risk of a default occurring on the asset, the Group considers available reasonable and supportive forward-looking information which includes the following indicators:

– Significant changes in the expected behaviour of the debtor, including changes in payment status; and

– Projected industry default rates.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payments.

The Group determined that its financial assets are credit-impaired when the debtor fails to make contractual payments more than 150 to 180 days past due.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 150 to 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity where applicable to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

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

(a) *Credit risk (cont'd)*

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision also incorporates forward looking information such as the projected industry default rates over the next year.

Information regarding loss allowance movement and credit risk exposure on trade receivables are disclosed in Note 21.

Exposure to credit risk

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

Credit risk concentration profile

Except for the operations in Malaysia, there is no significant concentration of credit risk relating to trade receivables due to the Group's many varied customers. In Malaysia, the Group's concentration of credit risk relates to amounts owing by 10 (2018: 8) customers, which constitute approximately 31% (2018: 31%) of the Group's trade receivables at the end of the reporting period.

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 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 21.

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

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

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

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

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 and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	1 year or less $'000	Over 1 year $'000	Total $'000
2020			
Financial assets			
Trade and other receivables	22,184	–	22,183
Cash and short-term deposits	159,975	–	159,975
Total undiscounted financial assets	182,159	–	182,159
Financial liabilities			
Trade and other payables	55,676	–	55,676
Interest-bearing loans and borrowings	23,491	705,295	728,786
Lease liabilities	6,317	7,949	14,266
Total undiscounted financial liabilities	85,484	713,244	798,728
Total net undiscounted financial assets/(liabilities)	96,675	(713,244)	(616,569)
2018			
Financial assets			
Trade and other receivables	21,536	–	21,536
Cash and short-term deposits	121,745	–	121,745
Total undiscounted financial assets	143,281	–	143,281
Financial liabilities			
Trade and other payables	38,088	–	38,088
Amounts due to the ultimate controlling shareholder	9,811	–	9,811
Interest-bearing loans and borrowings	256,178	358,504	614,682
Total undiscounted financial liabilities	304,077	358,504	662,581
Total net undiscounted financial liabilities	(160,796)	(358,504)	(519,300)

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

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

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

Analysis of financial instruments by remaining contractual maturities

Company	1 year or less $'000	Over 1 year $'000	Total $'000
2020			
Financial assets			
Trade and other receivables	395,061	–	395,061
Cash and short-term deposits	95,292	–	95,292
Total undiscounted financial assets	490,353	–	490,353
Financial liabilities			
Trade and other payables	8,405	–	8,405
Interest-bearing loans and borrowings	17,888	434,708	452,596
Lease liabilities	257	22	279
Total undiscounted financial liabilities	26,550	434,730	461,280
Total net undiscounted financial assets/(liabilities)	463,803	(434,730)	29,073
2018			
Financial assets			
Trade and other receivables	175,536	–	175,536
Cash and short-term deposits	6,141	–	6,141
Total undiscounted financial assets	181,677	–	181,677
Financial liabilities			
Trade and other payables	1,839	–	1,839
Amount due to the ultimate controlling shareholder	9,811	–	9,811
Interest-bearing loans and borrowings	133,919	–	133,919
Total undiscounted financial liabilities	145,569	–	145,569
Total net undiscounted financial assets	36,108	–	36,108

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from its interest-bearing loans and borrowings.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 (2018: 100) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $7,766,000 (2018: $5,802,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

33. CAPITAL MANAGEMENT

The Group manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors vis-à-vis the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. No changes were made in the objectives, policies or processes during the financial period/year ended 30 June 2020 and 31 December 2018.

The Group calculates the level of debt capital required to finance the working capital requirements using leverage/gearing ratio.

At the end of the reporting period, leverage ratios are as follows:

	2020	**2018**
Gross debt to total equity	1.2 x	0.8 x
Net debt to total equity	0.9 x	0.6 x

The Group assesses the level of debt capital used to finance capital investment in respect of the projected risk and returns of these investments using a number of traditional and modified investment and analytical models including discounted cash flows. It also assesses the use of debt capital to fund such investments relative to the impact on the Group's overall debt capital position and capital structure.

In order to manage its capital structure, the Group may issue debt of either a fixed or floating nature, arrange credit facilities, issue medium-term notes, issue new shares or convertible bonds and adjust dividend payments.

34. SEGMENT INFORMATION

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

(a) Hospital services

Hospital services comprise the provision of integrated medical healthcare facilities and services for primary, secondary and tertiary healthcare with focus on the areas of obstetrics and gynaecology and paediatric services, diagnostic imaging services, pharmacy, 24-hour outpatient services, laboratory and services provided by outpatient clinics at the hospital.

(b) Specialised services

The specialised services segment includes services provided by the fertility clinics, paediatric centres, cancer centre, cardiology centre, Chinese medicine, specialist skin centre and a pre-natal and clinical diagnostic laboratory. It also includes a consumer business segment, comprising products and services.

(c) Investment holdings

The holding of investments in equity instruments, investment properties and investment holding company.

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 operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

34. SEGMENT INFORMATION (CONT'D)

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Hospital services $'000	Specialised services $'000	Investment holdings $'000	Discontinued operation (Note 11) $'000	Elimination $'000	Note	Consolidated $'000
2020							
Revenue:							
External customers	208,224	119,136	438	7,036	(7,036)	A	327,798
Inter-segment revenue	14	3,031	38	–	(3,083)	B	–
Total revenue	208,238	122,167	476	7,036	(10,119)		327,798
Results:							
Finance income	2,398	314	1,219	12	(12)	A	3,931
Finance costs	33	796	37,216	72	(72)	A	38,045
Depreciation and amortisation	14,058	10,841	1,140	327	(327)	A	26,039
Impairment loss on non-financial assets	–	–	93,415	–	–	A	93,415
Share of result of associates	–	–	–	(86)	86	A	–
Segment profit/(loss) before tax	54,006	2,750	(136,275)	(2,225)	2,225	A	(79,519)
Assets:							
Additions to non-current assets	75,005	17,613	858	–	–	C	93,476
Segment assets	952,549	41,064	300,702	–	–	B	1,294,315
Segment liabilities	76,111	33,091	632,253	–	–		741,455

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

34. SEGMENT INFORMATION (CONT'D)

	Hospital services $'000	Specialised services $'000	Investment holdings $'000	Discontinued operation (Note 11) $'000	Elimination $'000	Note	Consolidated $'000
2018							
Revenue:							
External customers	134,073	81,396	141	95,960	(95,960)	A	215,610
Inter-segment revenue	19	2,356	26	–	(2,401)	B	–
Total revenue	134,092	83,752	167	95,960	(98,361)		215,610
Results:							
Finance income	314	220	2,497	96	(96)	A	3,031
Finance costs	1	29	18,143	777	(777)	A	18,173
Depreciation and amortisation	9,467	1,626	435	5,970	(5,970)	A	11,528
Impairment loss on non-financial assets	–	–	1,984	8,267	(8,267)	A	1,984
Share of result of associates	–	–	–	1,002	(1,002)	A	–
Segment profit/ (loss) before tax	33,761	9,952	(21,672)	(10,220)	10,220	A	22,041
Assets:							
Investment in associates	–	–	–	24,916	(24,916)	A	–
Additions to non-current assets	18,770	1,760	407	6,013	–	C	26,950
Segment assets	880,619	29,325	368,698	210,406	18	B	1,489,066
Segment liabilities	40,701	16,248	590,381	57,603	–		704,933

Notes

A Discontinued operation related to the Real Estate Business which has been excluded to arrive at amounts shown in profit or loss.

B Inter-segment revenues are eliminated on consolidation.

C Additions to non-current assets consist of additions to property and equipment, intangible assets, investment properties and right-of-use assets.

NOTES TO FINANCIAL STATEMENTS

For the financial period from 1 January 2019 to 30 June 2020

34. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000	2020 $'000	2018 $'000
Singapore	233,139	196,536	597,416	664,639
Malaysia	94,659	61,221	411,135	394,023
United Kingdom	–	16,084	–	38,088
China	–	13,726	–	286
Middle East	–	20,681	–	120
Others	–	3,322	–	71
Discontinued operation	–	(95,960)	–	(111,707)
	327,798	215,610	1,008,551	985,520

Non-current assets information presented above consist of property and equipment, intangible assets, investment properties and right-of-use assets as presented in the consolidated statement of financial position.

35. DIVIDENDS

	Group and Company	
	1 Jan 2019 to 30 Jun 2020 $'000	1 Jan 2018 to 31 Dec 2018 $'000
Declared and paid during the financial period/year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2018: 0.025 cents per share	6,610	–

STATISTICS OF SHAREHOLDINGS

As at 14 September 2020

No of Issued shares	–	26,441,016,807 shares
No of Treasury Shares Held	–	Nil
No of Subsidiary Holdings Held	–	Nil
Class of shares	–	Fully paid ordinary shares
Voting rights	–	1 vote per ordinary share

Shareholdings Held in Hands of Public

Based on information available to the Company as at 14 September 2020, 11.60% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	144	1.54	1,434	0.00
100 – 1,000	262	2.79	198,446	0.00
1,001 – 10,000	1,734	18.48	13,132,087	0.05
10,001 – 1,000,000	7,029	74.93	830,640,544	3.14
1,000,001 and above	212	2.26	25,597,044,296	96.81
	9,381	**100.00**	**26,441,016,807**	**100.00**

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	LIM ENG HOCK	9,333,333,334	35.30
2	RAFFLES NOMINEES (PTE) LIMITED	7,023,120,800	26.56
3	DB NOMINEES (SINGAPORE) PTE LTD	5,162,654,200	19.53
4	UOB KAY HIAN PTE LTD	2,208,315,743	8.35
5	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	406,394,817	1.54
6	CITIBANK NOMS SPORE PTE LTD	287,097,040	1.09
7	DBS NOMINEES PTE LTD	218,731,711	0.83
8	GARVILLE PTE LTD	111,930,588	0.42
9	DBSN SERVICES PTE LTD	106,248,400	0.40
10	PAVILION CAPITAL FUND HOLDINGS PTE LTD	60,000,000	0.23
11	PHILLIP SECURITIES PTE LTD	36,844,205	0.14
12	OCBC SECURITIES PRIVATE LTD	32,671,600	0.12
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	30,117,062	0.11
14	MAYBANK KIM ENG SECURITIES PTE. LTD	25,079,800	0.09
15	LAI HUEN POH	21,777,400	0.08
16	RHB SECURITIES SINGAPORE PTE LTD	19,387,400	0.07
17	DIANA SNG SIEW KHIM	16,214,100	0.06
18	OCBC NOMINEES SINGAPORE PTE LTD	12,916,120	0.05
19	LIM AND TAN SECURITIES PTE LTD	11,345,500	0.04
20	LEE THENG KIAT	10,934,100	0.04
		25,135,113,920	**95.05**

STATISTICS OF SHAREHOLDINGS

As at 14 September 2020

SUBSTANTIAL SHAREHOLDER

Name of substantial shareholder	Direct interest	%	Deemed interest	%
Lim Eng Hock	9,333,333,334	35.30	14,002,966,493	52.96[(a)]

(a) Lim Eng Hock is deemed interested in the shares registered in the name of Jovina Investments Limited, Bellton International Limited, Garville Pte Ltd, Garville (Hong Kong) Limited and Meriton Capital Limited, by virtue of Section 4 of the Securities and Futures Act. Cap 289 and shares that are held through nominees.

STATISTICS OF PIGGYBACK WARRANTHOLDINGS

Range of Piggyback Warrantholdings	No. of Piggyback Warrant Holders	%	No. of Piggyback Warrants	%
1 – 99	–	0.00	–	0.00
100 – 1,000	1	0.48	1,000	0.00
1,001 – 10,000	16	7.69	113,600	0.03
10,001 – 1,000,000	149	71.64	31,542,700	8.54
1,000,001 and above	42	20.19	337,608,762	91.43
	208	**100.00**	**369,266,062**	**100.00**

TOP 20 PIGGYBACK WARRANTHOLDERS

No.	Name of Piggyback Warrantholder	No. of Piggyback Warrants	%
1	TANG CHONG SIM	44,000,000	11.92
2	DIANA SNG SIEW KHIM	39,900,000	10.81
3	CITIBANK NOMINEES SINGAPORE PTE LTD	30,593,000	8.28
4	DBS NOMINEES PTE LTD	21,219,400	5.75
5	MAYBANK KIM ENG SECURITIES PTE. LTD	19,807,000	5.36
6	DB NOMINEES (SINGAPORE) PTE LTD	17,300,000	4.68
7	UOB KAY HIAN PTE LTD	15,650,000	4.24
8	TOK BOON CHOO	12,631,000	3.42
9	SNG THIAM HOCK	12,528,000	3.39
10	LIM CHER KHIANG	10,068,100	2.73
11	SNG SIEW LIN	9,000,000	2.44
12	RHB SECURITIES SINGAPORE PTE LTD	8,830,000	2.39
13	WEE HUI HIAN	7,500,000	2.03
14	TAN CHEE KIANG	7,080,000	1.92
15	LEE AI NI	7,016,000	1.90
16	FOO HONG WEE	6,300,000	1.71
17	DBSN SERVICES PTE LTD	6,000,000	1.62
18	OCBC SECURITIES PRIVATE LTD	5,650,000	1.53
19	SNG SIEW LUAN	5,180,000	1.40
20	NG KIA JIN	5,000,000	1.35
		291,252,500	**78.87**

Exercise Price	S$0.11[1] in cash for each new share on the exercise of a piggyback warrant.
Exercise Period	Commencing on and including the date of issue of piggyback warrant and expiring at 5.00 p.m. on the market date immediately preceding the 4th anniversary of the date of issue of the bonus warrants on 25 April 2018, unless such date is date on which the Register of Members is closed or is not a market day, the Exercise Date shall be the earlier of the next Business Day on which the Register of Members is open and Expiration Date.
Warrant Agent	M & C Services Private Limited 112 Robinson Road #05-01, Singapore 068902

(1) The piggyback warrant exercise price has been adjusted from $0.12 to $0.11 per share with effect from 23 January 2019.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 20th Annual General Meeting of Thomson Medical Group Limited will be held at by way of electronic means, on **Friday, 23 October 2020 at 2.00 p.m.** to transact the following businesses:–

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Consolidated Financial Statements of the Company for the 18-month financial period ended 30 June 2020 together with the Auditors' Report thereon. **Resolution 1**

2. To re-elect Mr Ng Ser Miang as Director who is retiring pursuant to Article 105(2) of the Constitution of the Company. **Resolution 2**
(Refer to explanatory note (i) provided)

3. To re-elect Mr Ong Pang Liang as Director who is retiring pursuant to Article 105(2) of the Constitution of the Company. **Resolution 3**
(Refer to explanatory note (ii) provided)

4. To re-elect Dr Wong Chiang Yin as Director pursuant to Article 106 of the Constitution of the Company. **Resolution 4**
(Refer to explanatory note (iii) provided)

5. To re-elect Dr Lam Lee G as Director pursuant to Article 106 of the Constitution of the Company. **Resolution 5**
(Refer to explanatory note (iv) provided)

6. To approve the payment of Directors' fee of S$154,000 for the financial period from 1 January 2020 to 30 June 2020. **Resolution 6**
(Refer to explanatory note (v) provided)

7. To approve the payment of Directors' fee of up to S$330,000 for the financial year ending 30 June 2021 (2019: S$350,000). **Resolution 7**

8. To re-appoint Ernst & Young LLP as the auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:–

9. General Authority to Issue Shares **Resolution 9**
(Refer to explanatory note (vi) provided)

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

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

(ii) 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 may, in their absolute discretion, deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force and issue additional Instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares, if any) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on pro rata basis to shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares (as calculated in accordance with paragraph (ii) below);

(ii) (subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of the Shares that may be issued under sub-paragraph (i) above, the total number of issued Shares shall be based on the total number of issued Shares of the Company (excluding treasury shares, if any) at the time of the passing of this Resolution, after adjusting for:

(1) new Shares arising from the conversion or exercise of any convertible securities;

(2) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument; and

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by SGX-ST) and the Constitution; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company ("**AGM**") or the date by which the next AGM is required by law to be held, whichever is the earlier.

10. Authority to grant options and allot and issue Shares under the TMG (formerly known as Rowsley) Group Share Option Scheme 2012. **Resolution 10**
(Refer to explanatory note (vii) provided)

That the Board of Directors of the Company be and is hereby authorised to:

(a) offer and grant options in accordance with the provisions of the TMG Group Share Option Scheme 2012 (the "**Option Scheme**"); and

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ANNUAL GENERAL MEETING

(b) allot and issue from time to time such number of Shares as may be required to be issued (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) pursuant to the exercise of the options granted (while the authority conferred by this Resolution is in force) under the Option Scheme,

provided always that the aggregate number of Shares over which options have been granted on any date, when added to:

(i) the total number of new Shares issued and/or issuable and/or existing Shares transferred and/or transferable in respect of the options granted under the Option Scheme and

(ii) In respect of all other share-based incentives scheme of the Company, if any, then in force,

shall not exceed fifteen per cent (15%) of the issued share capital of the Company (excluding treasury shares, if any) from time to time and that such authority shall, unless revoke or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier.

11. Authority to grant awards and issue Shares under the Share Grant Plan 2015 **Resolution 11**
(Refer to explanatory note (viii) provided)

That the Board of Directors of the Company be and is hereby authorised to:

(a) grant awards in accordance with the provisions of the Share Grant Plan 2015; and

(b) allot and issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the vesting of awards under the Share Grant Plan 2015,

provided that the total number of new Shares which may be issued or Shares which may be delivered pursuant to awards granted under the Share Grant Plan 2015, when added to:

(i) the total number of new Shares issued and issuable or existing Shares delivered and deliverable in respect of awards under the Share Grant Plan 2015; and

(ii) all Shares, options or awards granted under any other share scheme of the Company then in force,

shall not exceed fifteen per cent (15%) of the issued share capital of the Company (excluding treasury shares, if any) from time to time and that such authority shall, unless revoke or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier.

BY ORDER OF THE BOARD

Foo Soon Soo (Ms)
Lim Hoi Leong (Ms)

Company Secretaries
Singapore, 1 October 2020

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory notes of the resolutions to be proposed at the AGM:–

(i) *Ordinary Resolution 2*
Mr Ng Ser Miang will, upon re-election as a Director, continue in office as Non-Executive Independent Director and will remain as Chairman of the Board and Chairman of the Nominating and Remuneration Committees. Detailed information on Mr Ng pursuant to Rule 720(6) of the SGX Listing Manual can be found on page 141 to 154 of the Annual Report 2020.

(ii) *Ordinary Resolution 3*
Mr Ong Pang Liang will, upon-election as Director, continue in office as Non-Executive Independent Director and will remain as Chairman of Audit and Risk Committee and member of Nominating and Remuneration Committee. Detailed information on Mr Ong pursuant to Rule 720(6) of the SGX Listing Manual can be found on page 141 to 154 of the Annual Report 2020.

(iii) *Ordinary Resolution 4*
Dr Wong Chiang Yin will, upon re-election as Director, continue to serve as an Executive Director and Group Chief Executive Officer. Detailed information on Dr Wong pursuant to Rule 720(6) of the SGX Listing Manual can be found on pages 141 to 154 of the Annual Report 2020.

(iv) *Ordinary Resolution 5*
Dr Lam Lee G will, upon re-election as Director, continue in office as Non-Executive Independent Director and will remain as member of Audit and Risk Committee. Detailed information on Dr Lam pursuant to Rule 720(6) of the SGX Listing Manual can be found on pages 141 to 154 of the Annual Report 2020.

(v) *Ordinary Resolution 6* is to seek approval for payment of Directors' fees of S$154,000 for the period from 1 January 2020 to 30 June 2020. The Company had changed its financial year end from 31 December to 30 June and the amount proposed and approved at the last Annual General Meeting was for a 12-month period ended 31 December 2019.

(vi) *Ordinary Resolution 9* is to authorise the Directors of the Company from the date of the above Meeting until the next AGM to issue shares and convertible securities in the Company up to an amount not exceeding in total fifty per cent (50%) of the total number of issued shares (excluding treasury shares, if any) in the capital of the Company calculated on the basis set out in the said Resolution. For issues of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per cent (20%) of the total number of issued shares in the capital of the Company calculated on the basis set out in the said resolution. This authority will, unless revoked or varied at a general meeting, expire at 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 the earlier.

(vii) *Ordinary Resolution 10* is to empower the Board of Directors of the Company to offer and grant options and to issue Shares pursuant to the exercise of the options under the Option Scheme.

(viii) *Ordinary Resolution 11* is to empower the Board of Directors of the Company to offer and grant awards in accordance with the provisions of the Share Grant Plan 2015 and to allot and issue from time to time such number of fully paid-up Shares as may be required to be delivered pursuant to the vesting of awards under the Share Grant Plan 2015.

The Committee administering the Share Grant Plan 2015 currently does not intend, in any given year, to grant the award under the Share Grant Plan 2015 and the options under the Option Scheme which would comprise more than 1.5% of the total number of issued Shares (excluding treasury shares, if any) from time to time. However, if less than 1.5% of the total number of issued Shares (excluding treasury shares, if any) is granted as the awards under the Share Grant Plan 2015 and the options under the Option Scheme in any given year, the balance may be used by the Company to make grants of the awards or the options in subsequent years.

NOTES:

1. The Annual General Meeting ("**AGM**" or "**Meeting**") will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Shareholders will not be able to attend the AGM in person. Shareholders will also not be able to vote online on the resolutions to be tabled for approval at the AGM. The Company has made arrangements to conduct the AGM as set out below.

2. **Alternative arrangements for participation at the AGM**

   Alternative arrangements have been made by the Company to allow shareholders to participate at the AGM by:

   (a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream;
   (b) submitting questions in advance, in relation to any resolution set out in the Notice of AGM, if any; and/or
   (c) appointing the Chairman of the Meeting as proxy to vote on their behalf at the AGM.

   Details of the steps and deadlines for pre-registration, submission of questions in advance and voting at the AGM by shareholders, including CPF and SRS investors, are set out below.

3(a). **Voting solely via appointing Chairman as Proxy (submit a Proxy Form)**

Shareholders will only be able to vote at the AGM by appointing the Chairman of the AGM as proxy to vote on their behalf. Duly completed Proxy Forms must be deposited with the Company (i) via post, to be deposited at the office of the Company's Share Registrar at 112 Robinson Road #05-01 Singapore 068902 or (ii) via email to gpb@mncsingapore.com (by enclosing a clear scanned completed and signed Proxy Form) and must be received by the Company by Tuesday, 20 October 2020, 2.00 p.m. Singapore time (being 72 hours before the time appointed for the holding of the AGM). Proxy Forms can be downloaded from SGXNET, the Company's website or the pre-registration website. In the Proxy Form, a Shareholder should specifically direct the proxy on how he is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the AGM. If no specific direction as to voting on a given resolution is given, the appointment of the Chairman of the AGM as proxy for that resolution shall be treated as invalid. In view of the COVID-19 situation, we strongly encourage Shareholders to submit the completed and signed Proxy Form via email.

NOTICE OF
ANNUAL GENERAL MEETING

3(b). **Voting by Investors holding shares through relevant intermediaries (including CPF/SRS Investors)**

Investors (including CPF/SRS Investors) who wish to vote should not make use of the Proxy Form and should instead approach their respective relevant intermediary as soon as possible to specify voting instructions. CPF/SRS Investors who wish to vote should approach their respective CPF Agent Bank/SRS Operator by Tuesday, 13 October 2020, 5.00 p.m. Singapore time.

The accompanying Proxy Form for the AGM will be published on the Company's website at https://www.thomsonmedical.com/event_calendar/annual-general-meeting-2020/ and on the SGX website at https://www.sgx.com/securities/company-announcements.

4. **Submission of Questions**

Shareholders and Investors will not be able to ask questions "live" via the audio-visual webcast or audio-only stream. All Shareholders and Investors can submit questions relating to the business of the AGM up until Tuesday, 20 October 2020, 2.00 p.m. Singapore time (being 72 hours before the time appointed for the holding of the AGM) either (i) only for Shareholders and CPF/SRS Investors who pre-register to follow the proceedings of the AGM through the live audio-visual webcast or live audio-only stream, via the pre-registration website at https://agm.conveneagm.com/tmg-agm2020, (ii) via post, to be deposited at the office of M & C Services Private Limited (the "**Share Registrar**") at 112 Robinson Road #05-01 Singapore 068902 or (iii) via email to agm@thomsonmedical.com. When sending your questions by email or post, please also provide the Company with: (i) your full name; (ii) your address; and (iii) the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS). The Company will endeavour to respond to substantial and relevant questions either prior to the AGM (via an announcement on SGXNET and the Company's website) or during the AGM.

5. **Minutes of AGM**

The minutes of the AGM will be posted on the SGXNet and the Company's website. The minutes will include the Company's responses to the questions from Shareholders/Investors which are addressed during the AGM.

6. **Key dates and deadlines**

The key dates and deadlines which Shareholders and CPF and SRS Investors should take note of are summarised in the table below:

Key dates/times	Actions
1 October 2020 (Thursday) 10.00 a.m.	Shareholders may begin to pre-register at https://agm.conveneagm.com/tmg-agm2020 for the live audio-visual webcast or live audio-only stream of the AGM proceedings
13 October 2020 (Tuesday) 5.00 p.m.	Deadline for CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes.
20 October 2020 (Tuesday) 2.00 p.m.	Deadline for shareholders to: • Pre-register for live audio-visual webcast/live audio-only stream of the AGM proceedings; • Submit questions in advance; and • Submit Proxy Forms
By 22 October 2020 (Thursday) 2.00 p.m.	Authenticated shareholders who pre-registered for the live audio-visual webcast and live audio-only stream of the AGM proceedings will receive an email which contain instructions on how to access the live audio-visual webcast and live audio-only stream of the 2020 AGM proceedings (the "**Confirmation Email**"). Shareholders who do not receive the Confirmation Email by 2.00 p.m. on 22 October 2020, but have registered by the 20 October 2020 2.00 p.m. deadline and have not been informed of an unsuccessful registration, should contact the Company's Share Registrar, M & C Services Private Limited, at Tel. No.: +65 6228 0530.
Date and time of AGM 23 October 2020 (Friday) 2.00 p.m.	Shareholders to: (a) click on the link in the Confirmation Email and follow the instructions to access the live audio-visual webcast of the AGM proceedings; or (b) click on the link in the Confirmation Email and follow the instructions to access the live audio-only stream of the AGM proceedings.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company 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 the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy 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, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to Mr Ng Ser Miang, Mr Ong Pang Liang, Dr Wong Chiang Yin and Dr Lam Lee G, all of whom are seeking re-election as Directors at the 20th Annual General Meeting. The information shall be read in conjunction with their respective biographies on page 8 to 10 of the Annual Report 2020.

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
Date of appointment	1 December 2015	1 January 2016	1 February 2020	2 May 2019
Date of last re-appointment (if applicable)	24 April 2018	24 April 2018	N.A	N.A
Age	71	61	52	61
Country of principal residence	Singapore	Singapore	Singapore	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered the NRC's recommendation and assessments of Mr Ng's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board. Mr Ng has abstained from the deliberations of the NRC as well as that of the Board pertaining to his re-election. Mr Ng is considered an Independent Director and will, upon re-election, continue to serve as the Independent Director and as a Chairman of the Board as well as the NRC.	The Board has considered the NRC's recommendation and assessments of Mr Ong's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board. Mr Ong has abstained from the deliberations of the NRC as well as that of the Board pertaining to his re-election. Mr Ong is considered an Independent Director and will, upon re-election, continue to serve as the Independent Director and as a Chairman of the Audit & Risk Committee (ARC) as well as a member of the NRC.	The Board has considered the NRC's recommendation and assessments of Dr Wong's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board. Dr Wong has abstained from the deliberations of the Board pertaining to his re-election. Dr Wong will, upon re-election, continue to serve as the Executive Director of the Company and Group Chief Executive Officer.	The Board has considered the NRC's recommendation and assessments of Dr Lam's qualifications and experiences and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board. Dr Lam has abstained from the deliberations of the Board pertaining to his re-election. Dr Lam is considered an Independent Director and will, upon re-election, continue to serve as the Independent Director and as a member of the Audit & Risk Committee (ARC).
Whether appointment is executive, if so, the area of responsibility	Non-Executive	Non-Executive	Executive and Group Chief Executive Officer	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC member, etc.)	• Chairman of the Board • Chairman of Nominating and Remuneration Committee	• Chairman of Audit and Risk Committee • Member of Nominating and Remuneration Committee	Executive and Group Chief Executive Officer	• Member of Audit and Risk Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
Professional qualifications	• Bachelor, Business Administration (Honours), University of Singapore • Chartered Fellow, the Chartered Institute of Transport, Singapore	Bachelor of Business Administration, University of Singapore	• MBBS and Masters of Medicine (Public Health) from the National University of Singapore • Masters of Business Administration (Finance) from the University of Leicester • Fellow, Academy of Medicine, Singapore	• Bachelor of Sciences and Mathematics, The University of Ottawa • Master of Systems Science, The University of Ottawa • Master of Business Administration, The University of Ottawa • Postgraduate Diploma in Public Administration, Carleton University • Master of Public Administration, The University of Hong Kong • Doctor of Philosophy, The University of Hong Kong • Bachelor of Laws (Honours), Manchester Metropolitan University • Postgraduate Diploma in English and Hong Kong Law, Manchester Metropolitan University • Master of Laws, The University of Wolverhampton • Certificate in Professional Accountancy, The Chinese University of Hong Kong • Postgraduate Certificate in Laws, City University of Hong Kong • Solicitor, High Court of Hong Kong • Honorary Fellow, CPA Australia Hong Kong • Fellow, Hong Kong Institute of Directors • Fellow, Hong Kong Institute of Arbitrators • Fellow, CMA Australia • Fellow, Hong Kong Institute of Facility Management • Accredited Mediator, The Centre of Effective Dispute Resolution (CEDR) • Honorary Fellow, The University of Hong Kong School of Professional and Continuing Education (HKU SPACE)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
Working experience and occupation(s) during the past 10 years	**Corporate** **2007 to 2016** Independent Director, Singapore Press Holdings **2006 to 2017** Independent Director, Yanlord Land Group Limited **2014 to 2015** Special advisor to Board of Director, NTUC Fair Price **2005 to 2014** Chairman of NTUC Fair Price **1996 to 2010** Chairman of NTUC Choice Homes **Sports Administration** **International Olympic Committee (IOC)** • Vice President of IOC Executive Board (2020 to present) • Chairman of Finance Commission (2014 to present) • Chairman of IOC Group Staff Pension Fund Foundation Board (2015 to present)	**Present** • Independent Director of Secura Ltd • Director, Bluewater Investments Pte Ltd **2012 – 2019** Non-Executive Director, Avarga **2010 to 2012** Finance Director, Avarga Ltd **2008 to 2010** Chief Financial Officer of Rowsley Ltd (now known as Thomson Medical Group Limited)	**2020 to present** Senior Consultant (Part Time), Communicable Diseases, MOH HQ **2019 to January 2020** Special Advisor to Thomson Medical Group **2018 to 2019** CEO (Volunteer & Interim), Stroke Support Station (Institution of Public Character) **2016 to 2020** Senior Consultant (part time), Primary & Continuing Care, MOH HQ **2016 to 2018** Executive Director and Group CEO, Cordlife Group Limited **2011 to 2015** Executive Director, TMC Life Sciences Bhd **2010 to 2015** Interim CEO, Bright Vision Hospital **2010 to 2010** Visiting Consultant, Agency for Integrated Care Dr Wong also serves as Director of listed and various non-listed companies and non-profit organisations.	**July 2020 to present** Non-Executive Chairman – Greater China and ASEAN Region of Macquarie Infrastructure and Real Assets **2017 to June 2020** Non-Executive Chairman – Hong Kong and ASEAN Region and Chief Adviser, Macquarie Infrastructure and Real Assets Asia **2015 to 2017** Chairman – ASEAN Region, Senior Adviser – Asia, Macquarie Infrastructure and Real Assets (Hong Kong) Limited **2007 to 2015** Chairman – Indochina, Myanmar and Thailand, Senior Adviser – Asia (and formerly Chairman – Hong Kong), Macquarie Capital (Hong Kong) Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
	Members of: • IOC's Executive Board (2016 to 2020); • Olympic Foundation's Board – appointed on 19 August 2016 or on 10 November 2016 at the occasion of the meetings of the IOC's Executive Board; • Olympic Foundation for Culture and Heritage's Board (2016 to present); • Pension Fund's Foundation for IOC Group's personnel – appointed on 2006 shortly after his appointment as member of the IOC's Finance Commission; • IOC Television and Marketing Services SA's Board of Directors (2018 to present); • Olympic Channel Services SA's Board of Directors (2015 to present); • Games Management 2020 Steering Committee (2017 to present) • Coordination Commission Olympic Winter Games Beijing 2022 (2017 to present) • Olympism in Action Forum Drafting Committee (2018 to present) Mr Ng also currently serves as a Director/ Member/Chairman of various non-listed companies and non-profit organisation.			

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
Shareholding interest in the listed issuer and its subsidiaries	**Direct interest** 9,000,000 ordinary shares 6,000,000 warrants **Deemed interest** 6,600,000 ordinary shares 4,400,000 warrants	**Direct interest** 15,000,000 ordinary shares 10,000,000 warrants	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuers and/ or substantial shareholder of the listed issuer or any of its principal subsidiaries	Nil	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 720(1))	Yes	Yes	Yes	Yes
Other Principal Commitments Including Directorships				
Past (for the last 5 years)	**Director** • Singapore Press Holdings Limited • Yanlord Land Group Limited	**Director** • Avarga Limited • UPP Industries Pte. Ltd. • UPP Greentech Pte. Ltd. • Avarga Investment Pte. Ltd. • RSP Holdings Pte Ltd	**Director** • Beng Kuang Marine Limited • TMC Life Sciences Berhad • Cordlife Group Limited • Singapore Medical Association Pte Ltd • Rowsley Ltd (now known as Thomson Medical Group Ltd) • LCP Partners Pte Ltd	**Director** • China Shandong Hi-Speed Financial Group Limited • Hsin Chong Group Holdings Limited • Glorious Sun Enterprises Limited • Green Leader Holdings Group Limited • Xi'an Haitiantian Holdings Company Limited • Rowsley Limited (now known as Thomson Medical Group Ltd) • Vietnam Equity Holding (VEH) (Vietnam Property Holding merged into (VEH) • Roma Group Limited • Imagi International Holdings Limited • UDL Holdings Limited • Heng Fai Enterprises Limited • Mingyuan Medicare Development Company Limited • Ruifeng Petroleum Chemical Holdings Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
Present	**Non-listed entity** • Orchid Marine Services Private Limited (Director) • TIBS International Pte Ltd (Chairman) • OMS Distripark Pte Ltd (Director) • NCI Golf Pte Ltd (Director) • Singapore Olympic Foundation (Chairman) • Magic Dragon Media Pte Ltd (Director) • Valencia Club de Futbol, S.A.D. (Director) Principal commitments International Olympic Committee (IOC) • Vice President of IOC Executive Board • Chairman of Finance Commission • Chairman of IOC Group Staff Pension Fund Foundation Board Member of: • Olympic Foundation for Culture and Heritage's Board; • IOC Television and Marketing Services SA's Board of Directors; • Olympic Channel Services SA's Board of Directors; • Games Management 2020 Steering Committee • Coordination Commission Olympic Winter Games Beijing 2022; • Olympism in Action Forum Drafting Committee	**Listed entity** Secura Group Limited (Independent Director, Chairman of Audit Committee and Member of the Nominating and Remuneration Committee) **Non-listed entity** Bluewater Investments Pte Ltd. (Director)	**Listed entity** • RHT Health Trust (Independent Director and Member of Audit and Risk Management Committee) **Non-listed entity** Director • Academy of Medicine, Singapore • SMA Charity Fund Limited • Outram Consultants Pte Ltd • Crisis Relief Alliance Limited • Outram Hill Capital Pte Ltd • Sasteria Pte Ltd • Sasteria (M) Pte Ltd • Renewable Metal Resources Pte Ltd • Thomson Medical Pte Ltd • Thomson Wellth Company Pte Ltd • Thomson Paediatric Pte Ltd • Thomson Kids Pte. Ltd • SmartParents Pte. Ltd. • Vantage Bay JB Sdn Bhd • Skies VB Sdn Bhd • VB2 Property Sdn Bhd	**Listed entity** Director • Adamas Finance Asia Limited • Aurum Pacific (China) Group Limited • AustChina Holdings Limited (former name: Coalbank Limited) • China LNG Group Limited • China Real Estate Group (former Name: Asia-Pacific Strategic Investments Limited) • CSI Properties Limited • Elife Holdings Limited (former Name: Sino Resources Group Limited) • Greenland Hong Kong Holdings Limited • Haitong Securities Company Limited • Hua Long Jin Kong Company Limited • Huarong Investment Stock Corporation Limited • Beverly JCG Limited (former name: JCG Investment Holdings Ltd.) • Kidsland International Holdings Limited • Mei Ah Entertainment Group Limited • Mingfa Group (International) Company Limited • National Arts Entertainment and Culture Group Ltd. • Singapore eDevelopment Ltd • Sunwah International Limited • Sunwah Kingsway Capital Holdings Limited • Tianda Pharmaceuticals Limited • TMC Life Sciences Berhad • Top Global Limited • Vongroup Limited

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
				Principal commitments (Voluntary/Pro-base/ Community Service Role) • Hong Kong Cyberport Management Company • Pacific Basin Economic Council Limited • United Nations Economic and Social Commission for Asia and the Pacific Sustainable Business Network
Information required pursuant to Listing Rule 704(7)				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	Yes **Ruifeng Petroleum Chemical Holdings Limited ("Ruifeng Petroleum")** During the period between July 2014 and March 2015, Dr Lam served as an independent non-executive director of Ruifeng Petroleum, a company incorporated in the Cayman Islands, the shares of which were listed on the Stock Exchange of Hong Kong and delisted on 6 February 2017.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
				Ruifeng Petroleum was previously engaged in the petrochemical business. A winding-up petition was served on Ruifeng Petroleum on 12 August 2015 due to failure to pay a judgment debt relating to an outstanding amount of a promissory note issued by Ruifeng Petroleum in 2011 (3 years before Dr Lam's appointment as an independent non-executive director). On 16 November 2015, Ruifeng Petroleum was wound up by the High Court of Hong Kong. Joining the board of directors as an independent non-executive director during the restructuring period of Ruifeng Petroleum, Dr Lam had no management role in Ruifeng Petroleum and was not involved in the creation of the above-mentioned promissory note. Ruifeng Petroleum was solvent when Dr Lam was an independent non-executive director, and since the delisting of Ruifeng Petroleum's shares from the Stock Exchange of Hong Kong, no claims have been made against Dr Lam, and Dr Lam is not aware of any threatened or potential claims against him and there are no outstanding claims and/or liabilities against Dr Lam as a result of Ruifeng Petroleum's dissolution.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
				Hsin Chong Group Holdings Limited ("Hsin Chong") During the period between 17 May 2018 and 27 September 2019, Dr Lam served as an independent non-executive director of Hsin Chong, a company incorporated in Bermuda, the shares of which were listed on the Stock Exchange of Hong Kong. Hsin Chong defaulted on its US$150 million 8.5% USD bonds (launched on 14 January 2016) due on 22 January 2019. Hsin Chong filed for provisional liquidation on 17 January 2019, and on 20 January 2019, RSM Corporate Advisory (Hong Kong) Limited and KRyS & Associates (Bermuda) Ltd were appointed by the Supreme Court of Bermuda Commercial Court as joint and several provisional liquidators of Hsin Chong. The filing was aimed at safeguarding Hsin Chong's assets and preventing seizure by creditors as Hsin Chong was attempting to negotiate a deal with one of the potential "white knight" groups to restructure its debts caused by Hsin Chong's earlier rapid expansion in mainland China. Such expansion projects dried up Hsin Chong's liquidity and led Hsin Chong to incur significant debts.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
				Joining the board of directors as an independent non-executive director during the restructuring period of Hsin Chong, Dr Lam had no management role in Hsin Chong and was not involved in the creation of the above-mentioned bonds and debts. Nine (9) months after the joint and several provisional liquidators of Hsin Chong were appointed, all independent non-executive directors including Dr Lam resigned from the board of directors of Hsin Chong on 27 September 2019.
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	No	No	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Ng Ser Miang	Mr Ong Pang Liang	Dr Wong Chiang Yin	Dr Lam Lee G
Disclosure applicable to the appointment of Director only.				
Any prior experience as a director of an issuer listed on the Exchange?	N.A	N.A	N.A	N.A
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A	N.A	N.A	N.A

PROXY FORM

THOMSON MEDICAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
Co. Registration No. 199908381D

IMPORTANT
For investors holding shares of Thomson Medical Group Limited through relevant intermediaries (as defined under Section 181 of the Companies Act (Chapter 50 of Singapore)), including CPF/SRS investors, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors should approach their relevant intermediary as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least seven working days before the Meeting (i.e. by Tuesday, 13 October 2020, 5.00 p.m.) to ensure that their votes are submitted.

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 1 October 2020.

*I/We ________________________ (Name), NRIC/Passport/Co Reg Number ______________

of ____ (Address)
being a member/members of Thomson Medical Group Limited (the "**Company**") hereby appoint the Chairman as my/our proxy to attend, speak and vote on my/our behalf at the 20th Annual General Meeting of the Company ("**AGM**") to be held by way of electronic means on Friday, 23 October 2020 at 2.00 p.m. and at any adjournment thereof in the following manner:

	RESOLUTIONS RELATING TO:	**For***	**Against***	**Abstain***
	Ordinary business			
1	Directors' Statement and the Audited Consolidated Financial Statements of the Company for the 18-month financial period ended 30 June 2020 ("**FY2020**") together with the Auditors' Report thereon			
2	Re-election of Mr Ng Ser Miang as Director retiring under Article 105(2) of the Company's Constitution			
3	Re-election of Mr Ong Pang Liang as Director retiring under Article 105(2) of the Company's Constitution			
4	Re-election of Dr Wong Chiang Yin as Director retiring under Article 106 of the Company's Constitution			
5	Re-election of Dr Lam Lee G as Director retiring under Article 106 of the Company's Constitution			
6	Approval of payment of Directors' fee of S$154,000 for the financial period from 1 January 2020 to 30 June 2020			
7	Approval of payment of Directors' fee of up to S$330,000 for the financial year ending 30 June 2021 (2019: S$350,000)			
8	Re-appointment of Ernst & Young LLP as the auditors of the Company and to authorise the Directors to fix their remuneration			
	Special business			
9	General authority to issue Shares			
10	Authority to issue Shares under the TMG Group Share Option Scheme 2012			
11	Authority to issue Shares under the Share Grant Plan 2015			

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided. If you wish the Chairman as your proxy to abstain from voting on a resolution, please indicate with a (✓) in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares the Chairman as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman as your proxy for that resolution will be treated as invalid.**

Dated this ________ day of ________________ 2020

Total number of Shares held in:

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: Please read the notes overleaf before completing this Proxy Form

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NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register, 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 Proxy Form shall be deemed to relate to all the shares held by you (in both the Depository Register and the Register of Members).
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Where a member (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
3. CPF/SRS investors who wish to appoint the Chairman as proxy should contact their respective CPF Agent Banks or SRS Operators by **5.00 p.m. on Tuesday, 13 October 2020** to submit his/her voting instructions.
4. The Proxy Form (together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof) must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the office of the Share Registrar of the Company, **M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902**; and

   (b) if submitted electronically, be submitted via email to gpb@mncsingapore.com (by enclosing a clear scanned completed and signed Proxy Form), in either case, by **2.00 p.m. on Tuesday, 20 October 2020**, being not less than 72 hours before the time fixed for the AGM.

   A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.
5. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form 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 a Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (in the absence of previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
6. The Company shall be entitled to reject the Proxy Form 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 Proxy Form. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject any Proxy Form lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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glue all sides firmly

1st fold

2nd fold

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BUSINESS REPLY SERVICE
PERMIT No. 04910

THOMSON MEDICAL GROUP LIMITED
C/O M&C SERVICES PRIVATE LIMITED
112 ROBINSON ROAD #05-01
SINGAPORE 068902

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CORPORATE INFORMATION

BOARD OF DIRECTORS

MR NG SER MIANG
Chairman, Non-Executive and Independent Director

DR WONG CHIANG YIN
Executive Director and Group Chief Executive Officer

MR WILSON SAM
Executive Director and Group Chief Financial Officer

MR HENG KIM CHUAN FREDDIE
Non-Executive Non-Independent Director

MR LIM WEE KIAT
Non-Executive Non-Independent Director

MR ONG PANG LIANG
Independent Director

DR LAM LEE G
Independent Director

AUDIT AND RISK COMMITTEE

MR ONG PANG LIANG
Chairman

MR HENG KIM CHUAN FREDDIE
Member

DR LAM LEE G
Member

NOMINATING AND REMUNERATION COMMITTEE

MR NG SER MIANG
Chairman

MR ONG PANG LIANG
Member

MR LIM WEE KIAT
Member

COMPANY SECRETARIES

MS FOO SOON SOO
MS LIM HOI LEONG

SHARE REGISTRAR

M & C SERVICES PRIVATE LIMITED
112 Robinson Road
#05-01
Singapore 068902

INDEPENDENT AUDITOR

ERNST & YOUNG LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

MR MAX LOH KHUM WHAI
Partner-in-charge
(Appointed in FY2018)

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD
STANDARD CHARTERED BANK
OVERSEA-CHINESE BANKING CORPORATION LIMITED

REGISTERED OFFICE

101 Thomson Road #20-04/05
United Square Singapore 307591
Tel : (65) 6331 0188
Fax : (65) 6331 0180
Email : ir@thomsonmedical.com
Website : www.thomsonmedical.com

THOMSON MEDICAL GROUP 康盛

(Reg. No 199908381D)

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