



**2015**  
ANNUAL REPORT

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Hong Leong Finance Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report. The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone (65) 6415 9886.

**BOARD OF DIRECTORS**

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

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

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

Mr Sitoh Yih Pin  
(Independent Director)

Mr Dan Yock Hian  
(Independent Director)

Mr Lim Jen Howe  
(Non-Executive Director)

Mr Lim Teong Jin George  
(Non-Executive Director)

**AUDIT COMMITTEE**

Mr Sitoh Yih Pin (Chairman)

Mr Dan Yock Hian

Mr Lim Jen Howe

**REMUNERATION COMMITTEE**

Mr S. Chandra Das (Chairman)

Mr Sitoh Yih Pin

Mr Lim Teong Jin George

**NOMINATING COMMITTEE**

Mr S. Chandra Das (Chairman)

Dr Ang Peng Tiam

Mr Dan Yock Hian

**COMPANY SECRETARIES**

Mr Lee Boon Yong

Mr Lim Heng Chong Benny

Ms Chin Su Xian

**REGISTERED OFFICE**

101 Thomson Road  
#09-02 United Square  
Singapore 307591

Telephone No : (65) 6258 6918

Facsimile : (65) 6258 0648

Website : [www.talkmed.com.sg](http://www.talkmed.com.sg)

**PRINCIPAL PLACE OF BUSINESS**

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

**SHARE REGISTRAR AND SHARE  
TRANSFER OFFICE****B.A.C.S. Private Limited**

8 Robinson Road, #03-00 ASO Building  
Singapore 048544

**SPONSOR****Hong Leong Finance Limited**

16 Raffles Quay

#01-05 Hong Leong Building

Singapore 048581

**AUDITORS****Ernst & Young LLP**

Public Accountants and Chartered Accountants

One Raffles Quay

North Tower, Level 18

Singapore 048583

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

**PRINCIPAL BANKER****Oversea-Chinese Banking Corporation Limited**

65 Chulia Street

#06-00 OCBC Centre

Singapore 049513

TalkMed Group Limited (“TalkMed”) was incorporated on 10 September 2013, and is the holding company of its wholly-owned subsidiaries, Singapore Cancer Centre Pte. Ltd. (“SCC”) and TalkMed Vietnam Pte. Ltd. (“TalkMed Vietnam”), and 60%-owned subsidiary, Stem Med Pte. Ltd. (“Stem Med”).

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

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

We currently provide medical oncology services and palliative care services with thirteen doctors at eight clinics in Gleneagles Hospital Singapore, Mount Elizabeth Hospital Singapore, Mount Elizabeth Medical Centre and Mount Elizabeth Novena Specialist Centre Singapore, which are hospitals operated by PHS. We have established ourselves as one of the market leaders in medical tourism in Singapore with foreign patients accounting for more than 60% of our patient-load in the past few years.

TalkMed Vietnam was set up in March 2014 and has partnered with Thu Cuc International General Hospital to set up a medical centre to provide specialist medical oncology services in Hanoi while Stem Med was set up in January 2015 and will be engaged in the provision of medical services related to cellular therapy.

Stem Med, a TalkMed’s 60%-owned subsidiary, provides a comprehensive range of stem cell banking services. It is equipped in accordance with EC GMP Guideline, ISO 14 644:1999 and the relevant sections of the Institute Of Environmental Science and Technology Recommended Practice, IEST-RP-CC006.3 and the National Environment Balance Bureau (NEBB) Procedural Standards for Certified Testing of Cleanroom (3rd Edition) and has ISO Class 5, Class 6 and Class 8 clean rooms with high-efficiency particulate air (HEPA) to offer the processing, cryopreservation and storage of the Bone Marrow and Peripheral Blood Stem Cells for immediate or future therapeutic use, and also the extraction and storage of Mesenchymal Stem Cells from the Bone Marrow and Adipose (fat) tissues on a research/clinical trial basis.

TalkMed also holds a 30% stake in Hong Kong Integrated Oncology Centre Holdings Limited (“HKH”). HKH is the controlling shareholder and operator of a newly set up integrated oncology centre known as Hong Kong Integrated Oncology Centre Limited (“HKIOC”) which commenced its operations in May 2015. HKIOC provides a comprehensive range of diagnostic, treatment and support services in Hong Kong. Through HKIOC, TalkMed can indirectly extend its reach into the Greater China market.

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

# MESSAGE TO SHAREHOLDERS

ANNUAL REPORT 2015

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of TalkMed Group Limited, I am pleased to present our Annual Report for the financial year ended 31 December 2015 ("FY2015").

For FY2015, our revenue improved by S\$2.55 million or 4.0% to S\$65.72 million largely due to the increase in revenue from patients requiring higher intensity care.

Total operating expenses also saw an increase of S\$1.08 million or 6.4% to S\$17.89 million which were mainly attributable to higher employee benefits (which arose mainly due to an increase in staff salary, higher bonuses paid out and additional staff recruited to support growing business activities) and higher operating lease expenses as a result of new operating leases that came into effect in November 2014, March and June 2015. In addition, for FY2015, the Group incurred a share of loss of an associate company of S\$2.89 million. This relates to the acquisition of a company in Hong Kong which I will elaborate later. As a result of the above factors, the Group recorded a S\$1.36 million or 3.5% dip in profit after tax of S\$37.17 million for FY2015. Excluding the share of loss of our associate company, the Group's profit after tax would have increased by S\$1.53 million or 4.0%.

In view of the stable performance for FY2015, the Board of Directors is proposing a final dividend of 2.305 Singapore cents per ordinary share in respect of FY2015. Together with the interim dividend of 2.260 Singapore cents per ordinary share that was paid on 18 September 2015, the total dividend for FY2015 amounts to 4.565 Singapore cents per ordinary share, which is higher than the dividends paid out for FY2014. The total dividends for FY2015 constitute 80.4% of FY2015 profit to shareholders, which have once again exceeded the dividend policy of 75% payout that was set out in our IPO Offer Document dated 17 January 2014.

In the annual report last year, I shared that we have incorporated a wholly-owned subsidiary, TalkMed Vietnam Pte. Ltd. ("TalkMed Vietnam"). I am pleased to inform shareholders that our revenue derived from our Vietnam operations for FY2015 improved by S\$0.25 million or 289.3% to S\$0.33 million. We are optimistic that our Vietnam business can contribute more significantly in the years to come as it enters into a more mature phase.

I have also shared last year the setting up of a 60%-owned subsidiary, Stem Med Pte. Ltd. ("Stem Med") with StemCord Pte Ltd ("StemCord"). In June 2015, Stem Med obtained its license from the Ministry of Health to process, cryopreserve and store bone marrow and peripheral blood stem cells and this was followed by the launch of a comprehensive range of stem cell banking services in July 2015 and the subsequent opening of a new office and medical laboratories in October 2015. Stem Med is now equipped in accordance with EC GMP Guideline, ISO 14 644:1999 and the relevant sections of the Institute Of Environmental Science and Technology Recommended Practice, IEST-RP-CC006.3 and the National Environment Balance Bureau (NEBB) Procedural Standards for Certified Testing of Cleanroom (3rd Edition) and has ISO Class 5, Class 6 and Class 8 clean rooms with high-efficiency particulate air (HEPA) to offer the processing, cryopreservation and storage of the Bone Marrow and Peripheral Blood Stem Cells for immediate or future therapeutic use, and also the extraction and storage of Mesenchymal Stem Cells from the Bone Marrow and Adipose (fat) tissues on a research/clinical trial basis.

In June 2015, we entered into a collaboration agreement with Asian Cancer Centers Limited to invest US\$8.4 million (approximately S\$11.5 million) in Hong Kong Integrated Oncology Centre Holdings Limited ("HKH") to hold a 30% stake. HKH is the controlling shareholder and operator of a newly set up integrated oncology centre in Hong Kong, known

# MESSAGE TO SHAREHOLDERS

as Hong Kong Integrated Oncology Centre Limited (“HKIOC”), which commenced its operations in May 2015. Located in the heart of Hong Kong, the new out-patient cancer centre houses a comprehensive range of diagnostic, treatment and support services. This acquisition, funded through the use of the proceeds from our IPO, is in line with our existing business strategy and future plans with respect to expanding our repertoire of healthcare services and overseas expansion as set out in our IPO Offer Document. This new collaboration incurred a loss in its inaugural year as it is still in the infancy phase. We are, however, optimistic that in time to come, its business will contribute positively to the bottom-line of our Group. We view this acquisition as a strategic move as HKIOC can serve as a stepping stone, though indirectly, for the expansion of our oncology related businesses in the Greater China market.

Although there is an increase in uncertainty over the global economic growth, economies of Singapore and countries in Southeast Asia are

expected to continue to grow. Coupled with an aging demographic trend in Singapore, we expect the demand for specialist medical oncology and haematology healthcare services to remain strong. We will continue to explore opportunities to expand our business further, locally or overseas, by enhancing our suite of medical oncology services and setting up more specialist cancer clinics as well as other new medical facilities.

On behalf of the Board, I would like to thank the Group’s management team, staff and business associates for the diligence and dedication in achieving another successful year for TalkMed. I have faith in this talented management team to bring greater success for TalkMed in the coming years.

S. Chandra Das  
Chairman

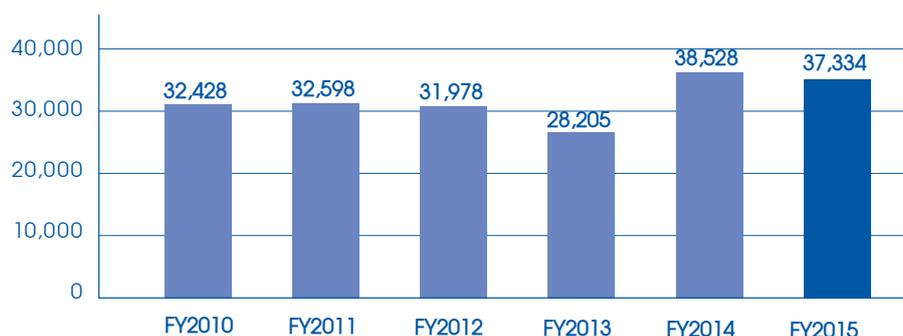
# FINANCIAL & OPERATIONS HIGHLIGHTS

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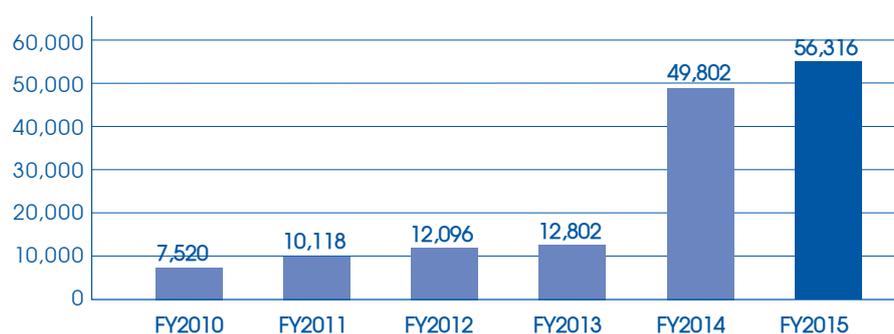
REVENUE (\$\$'000)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS (\$\$'000)



TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS (\$\$'000)



NUMBER OF CLINICS	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
	6	6	7	7	8	8
NUMBER OF DOCTORS	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
	8	8	8	12	12	13

**MR S. CHANDRA DAS,  
76**Non-Executive Chairman and  
Independent Director

Mr S. Chandra Das joined the board as Non-Executive Director and Chairman on 23 December 2013. He is also the Chairman of our Remuneration Committee and Chairman of our Nominating Committee. He is currently the Managing Director of NUR Investment & Trading Pte Ltd. He also sits on the Boards of Yeo Hiap Seng Limited and Super Group Ltd. Currently, he is Singapore's Non-Resident Ambassador to Sri Lanka and Pro-Chancellor at Nanyang Technological University.

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

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

Mr Das has won several awards and accolades in his career including the Distinguished

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

**DR ANG PENG TIAM, 57**Executive Director and  
Chief Executive Officer (CEO)

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

From 1991 to 1997, Dr Ang was the Founding Head of Department of

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

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

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

**DR KHOO KEI SIONG, 54**Executive Director and  
Chief Operating Officer (COO)

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

From 1999 to 2004, Dr Khoo was a Senior Consultant at the National Cancer Centre, one of the leading regional centres for the research and treatment of cancer. During his tenure, he held senior management

positions including the Director of the Division of Clinical Trials and Epidemiological Sciences (1999 to 2002) and Head of the Department of Medical Oncology (2001 to 2004). He started his career as a resident in Singapore General Hospital ("SGH") in 1989. After attaining his postgraduate qualification in internal medicine, he pursued further training in medical oncology in SGH and the Memorial Sloan-Kettering Cancer Center in New York.

Dr Khoo holds a Bachelor of Medicine and Surgery from the University of Singapore and a Master of Medicine (Internal Medicine) from the National University of Singapore. He also holds a Certificate of Specialist

Accreditation in Medical Oncology from the Ministry of Health (Singapore). He is a Fellow of the Academy of Medicine, Singapore and the Royal College of Physicians (Edinburgh), as well as member of the American Society of Clinical Oncology, and the European Society of Medical Oncology. In addition, he is a Council Member of the Asian Clinical Oncology Society and a Council Member of the Academy of Medicine Singapore. Dr Khoo sits on the Medical Board of Eu Yan Sang Integrative Health as Chairman and is Deputy Chairman of the Medicine Advisory Committee of the Health Sciences Authority.

**MR SITOH YIH PIN, 52**

Independent Director

Mr Sitoh was appointed as an Independent Director of the Company on 23 December 2013. He serves as Chairman of the Audit Committee and is also a member of the Remuneration Committee. Mr Sitoh does not hold any shares in the Company or any of its subsidiaries.

Mr Sitoh is a Chartered Accountant and a director of Nexia TS Public Accounting

Corporation. Mr Sitoh is the Member of Parliament for Potong Pasir constituency and is also the advisor to Potong Pasir Grassroots Organisations.

Mr Sitoh was also the director of several publicly listed companies in the preceding 5 years including Allied Technologies Limited, Chinasing Investment Holdings Limited, Lian Beng Group Ltd, Meiban Group Pte Ltd, Nera Telecommunications Ltd and United Food Holdings Limited.

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

Mr Sitoh is also presently a director of ISEC Healthcare Ltd.

**MR DAN YOCK HIAN,  
49**  
Independent Director

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

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

services firm belonging to the Big Four, from 1990 to 1998.

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

**MR LIM JEN HOWE, 62**  
Non-Executive Director

Mr Lim Jen Howe is a Non-Executive Director and was appointed to our Board on 23 December 2013. He is a member of the Audit Committee.

Mr Lim has more than 35 years of experience in finance and accounting. He has been a practising Public Accountant for more than 25 years and is a founding partner of Thong & Lim, Chartered Accountants of Singapore. Mr Lim holds a Master of Science from London

Business School, and is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Chartered Accountants of Singapore.

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

**MR LIM TEONG JIN  
GEORGE, 60**  
Non-Executive Director

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

Mr Lim graduated from the National University of Singapore, and was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1982. He was appointed Senior Counsel on 9 January 2010. Mr Lim is a certified Mediator with the International Mediation Institute ("IMI"), and is on the panel of the Singapore International Arbitration Centre. He serves on the Advisory Board of the Law Faculty, National University of

Singapore, as well as the Pro Bono Management Committee of the Law Society of Singapore.

Mr Lim is currently the Co-Chairman of the Singapore International Mediation Centre. In 2015, he was identified by the *Who's Who of Commercial Mediation* as being among 295 of the world's leading commercial mediators.

## KEY MANAGEMENT/ EXECUTIVE OFFICERS

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

### MR LEE BOON YONG

Chief Financial Officer (CFO)

Mr Lee Boon Yong was appointed the CFO of our Group on 1 September 2014. He is responsible for overseeing the finance, accounting and regulatory compliance functions of our Group. Additionally, he leads the Group’s merger and acquisition activities, as well as evaluates the Group’s funding needs and options. He has more than 10

years of experience in financial auditing, corporate finance and corporate restructuring work.

Prior to joining the Group, he was an Associate Director at nTan Corporate Advisory Pte. Ltd., where he advised clients which included companies listed on the Main Board of the Singapore Stock Exchange on corporate restructuring plans and corporate finance matters. Mr Lee had also practised at Ernst & Young, initially in audit and later in

transaction advisory, as a senior associate.

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

To the Group, sustainability is the principles and measures we put in place to safeguard and uphold our business in the industry and align our conduct with our stakeholders' expectations in areas of governance and social.

## Governance

As a member of the medical fraternity, it is of utmost importance to uphold high standards of governance. How we instill governance is pivotal to our business and reputation as this is where our stakeholders expect us to be strong. As a public-listed company, we abide by the compliance rules in providing transparent, relevant and up-to-date information to our shareholders and the investing community. We make this information available in our Investment Information section of our corporate website, which contains information such as our financial information, latest announcements, press releases and corporate materials. We also provide the contact number and email address for investors to forward their queries.

## Social

Our business revolves around people and communities, and the social aspect is an important facet in growing our business. It is important that we ensure that our doctors and consultants are kept abreast of the latest medical knowledge and equipment. It is also important that we engage with the communities in which we operate in, to build confidence they have on us in the conduct of our work and service.

## Building a Sustainable Business

Our business strategies and plans to grow and expand our business are:

- Expanding our talent pool  
We believe in attracting and retaining the best management and healthcare talent to provide

the best care for our patients in a bid to retain and manage our patients. We are always on the lookout for qualified medical consultants, surgeons and management staff who possess the requisite knowledge, experience and skills as well as share the same philosophy and vision in service and care.

- Expanding our repertoire of healthcare services  
We seek opportunities to expand our repertoire of healthcare services to include the provision of primary and secondary healthcare services so that our Group will become a full service provider, covering the entire value chain of the healthcare industry.
- Overseas expansion  
We will continue to explore opportunities in setting up medical oncology units overseas through acquisitions, joint ventures and strategic alliances as and when such business opportunities arise.
- Improving the quality of our medical services  
Our medical consultants are committed to continuously update themselves on the latest medical knowledge and equipment and are always on the look-out for the pursuit of opportunities so as to capitalise on technological advancements and provide enhanced healthcare services for our patients.

## Business Ethics and Anti-corruption

We have clear policies on business standards, ethics and anti-corruption. We aim to conduct our business by inculcating a clean and transparent working culture within the organisation. We understand the detrimental effect that corruption has on organizations and the society. We are determined to ensure that our business decisions and actions are ethical and in full compliance with international and local legal requirements.

### Whistle-Blowing Policy

We do not condone any malpractice, impropriety, non-compliance of statutory law and rules and regulations or wrongdoing by employees in the course of performing their duties. Employees may follow the procedures set out in the Company's Whistle-Blowing Policy that is accessible on our human resource website to report any concern or complaint regarding any improper accounting or financial matters, internal controls, disclosure of information, conflict of interest, insider trading, or any other areas involving fraud, corruption and misconduct of employees.

Under this policy, employees are allowed to report any of the infringements stated above, without any fear of reprisal or adverse consequences. All reports made will be treated with confidence and confidentiality will be strictly maintained throughout the investigation process.

Reports may be emailed to any member of the Audit and Risk Committee ("ARC").

Upon the receipt of any complaint, the ARC, in consultation with the CEO, will direct the complaint to a senior personnel best placed to carry out the investigation into the complaint and if an investigation reveals that a violation has been committed, the Group will take any remedial action commensurate with the severity of the infringement and if necessary, refer any complaints to the relevant external regulatory authorities.

Employees who submit allegations in good faith are assured that they will be safeguarded against any discrimination, retaliation or harassment of any kind against them.

### Corporate Social Responsibility

TalkMed believes that an organization's success is not based solely on its business achievements but also by the positive impact it plays in the community. Our doctors actively contribute articles in various newspapers, magazines and medical journals. We also give talks in Singapore and in the region to raise disease awareness to the public and conduct continuous medical education sessions to medical professionals in neighbouring countries.

In 2015, TalkMed supported and participated in a few charity and community projects under the banner of Parkway Cancer Centre ("PCC"). In February 2015, TalkMed donated the sales of Dr. Ang Peng Tiam's book "Hope for Life" to JB Breast Cancer Support Group and i-Care Support Group. TalkMed also supported the Breast Cancer Month in October 2015 and collaborated with Her World magazine during its 55th Anniversary to promote more awareness for Breast cancer and provide 23 free mammography to needy women. The beneficiaries are from Singapore Council of Women's organization (SCWO) Star Shelter.

# CORPORATE GOVERNANCE REPORT

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

This report describes the Group’s ongoing efforts in the financial year ended 31 December 2015 (“FY2015”) in keeping pace with the evolving corporate governance practices and complying with the Code of Corporate Governance 2012 (the “Code”). The Board confirms that the Company has adhered to the principles and guidelines as set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

## A. BOARD MATTERS

### Principle 1 – The Board’s Conduct of its Affairs

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

The Board recognises that its principal duties include:

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

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

- strategies and objectives of the Group;
- annual budgets and business plan;
- announcements of quarterly and full year results and release of annual reports;
- issuance of shares;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders’ meetings;

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- investment, divestment or capital expenditure;
- commitments to term loans and lines of credit from banks and financial institutions; and
- interested person transactions.

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

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

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

The number of meetings of Board and Board Committees held during FY2015 and the attendance of each Director at those meetings are set out as follows:

Name of Directors	Board of Directors		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
	No. of meeting		No. of meeting		No. of meeting		No. of meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
S. Chandra Das	5	5	–	–	1	1	1	1
Ang Peng Tiam	5	5	–	–	1	1	–	–
Khoo Kei Siong	5	5	–	–	–	–	–	–
Sitoh Yih Pin	5	5	5	5	–	–	1	1
Dan Yock Hian	5	5	5	5	1	1	–	–
Lim Jen Howe	5	5	5	5	–	–	–	–
Lim Teong Jin George	5	5	–	–	–	–	1	1

# CORPORATE GOVERNANCE REPORT

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

## Principle 2 – Board Composition and Guidance

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

Name of Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
S. Chandra Das	Non-Executive Chairman	–	Chairman	Chairman
Ang Peng Tiam	Executive Director & CEO	–	Member	–
Khoo Kei Siong	Executive Director & Chief Operating Officer (“COO”)	–	–	–
Sitoh Yih Pin	Independent Non-Executive Director	Chairman	–	Member
Dan Yock Hian	Independent Non-Executive Director	Member	Member	–
Lim Jen Howe	Non-Independent Non-Executive Director	Member	–	–
Lim Teong Jin George	Non-Independent Non-Executive Director	–	–	Member

The size and composition of the Board and the Board Committees as well as the skill and core competencies of its members are reviewed annually by the NC, taking into account the scope and nature of operations of the Company, to ensure that there is an appropriate balance of skills and experience. These competencies include banking, accounting and finance, business acumen, management experience, industry knowledge, familiarity with regulatory requirements and knowledge of risk management. The NC is of the view that the present composition and Board size of seven (7) is appropriate for the Group’s present scope of operations to facilitate decision making and the Board possesses the necessary competencies and knowledge to lead and govern the Group effectively. Further, no individual or small group of individuals dominates the Board’s decision making process. Their profiles are set out on pages 6 to 8 of this annual report.

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

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

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

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

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

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

### **Principle 3 – Chairman and Chief Executive Officer**

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

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

The Chairman:

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

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

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

#### Principle 4 – Board Membership

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

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

The NC will meet at least once a year with one (1) NC Meeting held in FY2015. The NC, which has written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments (including alternate Directors, if applicable). The key terms of reference of the NC include the following:

- determining the process for search, nomination, selection and appointment of new Board members and assessing nominees or candidates for appointment and re-election to the Board;
- making recommendations to the Board on the nomination of retiring Directors and those appointed during the year standing for re-election at the Company's annual general meeting, having regard to the Director's contribution and performance and ensuring that all Directors submit themselves for re-election at regular intervals;

- review the Board structure, size and composition regularly and making recommendation to the Board, where appropriate;
- review the Board succession plans for Directors, in particular, the Chairman, CEO, COO and CFO;
- determine the independence of Directors annually (taking into account the circumstances set out in the Code and other salient factors);
- develop a process for assessing and evaluating the effectiveness of the Board as a whole and the Board Committees and the contribution of each individual Director to an effective Board;
- decide on how the Board's performance may be evaluated and to propose objective performance criteria for Board approval;
- review training and professional development programmes for the Board; and
- determine whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple Board representations.

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

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

Pursuant to the Company's Constitution, one-third of the Directors shall retire from office and be re-elected at least once every 3 years at each AGM. Mr Lim Teong Jin George and Mr Dan Yock Hian, being the Non-Executive Director and Independent Director of the Company respectively, will be retiring and seek re-election at the forthcoming AGM in accordance with Article 91 of the Company's Constitution.

Mr S.Chandra Das was re-appointed to hold office until the forthcoming AGM of the Company pursuant to the then Section 153(6) of the Companies Act (Cap. 50), the re-appointment of Mr S. Chandra Das is proposed although he will not be subject to subsequent annual re-appointments with the repeal of Section 153 with effect from 3 January 2016. Mr S. Chandra Das will, upon the re-appointment, remain as the Non-Executive Chairman, Chairman of Nominating and Remuneration Committees.

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

# CORPORATE GOVERNANCE REPORT

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

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

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

## Principle 5 – Board Performance

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

### Board performance criteria

The performance criteria for the board evaluation are as follows:

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

### Individual Director's performance criteria

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

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

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

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

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

#### Principle 6 – Access to Information

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

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

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

## B. REMUNERATION MATTERS

### Principle 7 – Procedures for Developing Remuneration Policies

### Principle 8 – Level and Mix of Remuneration

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

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

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

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

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

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

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

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

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

**Principle 9 – Disclosure on Remuneration**

Details of the remuneration of Directors and top five (5) key management personnel of the Group for FY2015 are set out below:

Name of Directors	Band	Fees	Salary <sup>(4)</sup>	Bonus <sup>(4)</sup>	Total
<b>Directors</b>					
S. Chandra Das	1 <sup>(1)</sup>	100%	–	–	100%
Dr Ang Peng Tiam (CEO)	3 <sup>(3)</sup>	–	100%	–	100%
Dr Khoo Kei Siong (COO)	2 <sup>(2)</sup>	–	100%	–	100%
Sitoh Yih Pin	1 <sup>(1)</sup>	100%	–	–	100%
Dan Yock Hian	1 <sup>(1)</sup>	100%	–	–	100%
Lim Jen Howe	1 <sup>(1)</sup>	100%	–	–	100%
Lim Teong Jin George	1 <sup>(1)</sup>	100%	–	–	100%
<b>Top 5 key management personnel</b>					
Lee Boon Yong	2 <sup>(2)</sup>	–	75%	25%	100%
Dr Lim Zi-Yi	3 <sup>(3)</sup>	–	26%	74%	100%
Dr Anselm Lee	3 <sup>(3)</sup>	–	33%	67%	100%
Dr See Hui Ti	3 <sup>(3)</sup>	–	60%	40%	100%
Dr Patricia Kho	3 <sup>(3)</sup>	–	60%	40%	100%

**Notes:**

- (1) Band 1 means remuneration of between S\$0 to S\$250,000 per annum
- (2) Band 2 means remuneration of between S\$250,001 to S\$500,000 per annum
- (3) Band 3 means remuneration of S\$500,001 per annum and above
- (4) Salaries and bonuses include employer contributions to the Central Provident Fund

The Board is of the view that it is not in the interests of the Company to disclose in full the remuneration of each individual Director, the CEO and the top five key management personnel (who are not Directors) of the Company on a named basis and keep the disclosure of remuneration in salary bands due to the sensitive and confidential nature of such information and disadvantages that such disclosures might bring. There is no termination, retirement and post-employment benefits granted to Directors, the CEO and the top five management personnel.

In aggregate, the total remuneration (including CPF contribution thereon and bonus) paid to the top 5 key management personnel for FY2015 is approximately S\$3.60 million.

There was no employee of the Group who was an immediate family member of a Director or the Chairman or CEO whose remuneration exceeded S\$50,000 for FY2015.

As at 31 December 2015, the Company does not have any employee share option plan.

## C. ACCOUNTABILITY AND AUDIT

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

### Principle 10 – Accountability

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

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

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

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

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

### Principle 11 – Risk Management and Internal Controls

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

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

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

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

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

With the assistance of the internal auditors of the Group, the key risk areas which have been identified will continue to be analysed, monitored and mitigated. In this connection, the Group has conducted an enterprise risk assessment, with the assistance of internal auditors, and has developed a detailed risk registers and summary of comfort to ensure that the Group’s risk management and internal control systems are adequate and effective.

The Board notes that no cost effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, the statutory audit conducted by the external auditors, and reviews performed by the Management, various Board Committees and the Board so far, the ARC and the Board are of the opinion that the Group’s internal control system is effective and adequate to address the financial, operational, compliance and information technology risks, based on the internal controls established and maintained by the Group and reports from the internal auditor’s and external auditor’s report on the financial statements and management letter. This is in turn supported by the assurance from the CEO and the CFO that: (a) the financial records of the Group have been properly maintained and the consolidated financial statements for FY2015 give a true and fair view of the Company’s operations and finances; and (b) effective risk management and internal control systems have been put in place.

## Principle 12 – Audit and Risk Committee

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

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

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

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

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

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

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

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

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

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

The ARC also reviews the independence and objectivity of the external auditors and having reviewed the scope and value of non-audit services provided to the Group by the external auditors, Ernst & Young LLP. The aggregate amount of audit and non-audit fees paid or payable to the external auditors for FY2015 are S\$115,000 and S\$26,000 respectively. The ARC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The ARC has recommended to the Board the nomination of Ernst & Young LLP for re-appointment as auditors of the Company at the forthcoming AGM. The Group has also complied with Rules 712 and 715(1) of the Catalist Rules of SGX-ST in relation to the appointment of its external auditors.

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

### **Whistle-Blowing Policy**

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

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

The ARC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The ARC reports to the Board any issues/concerns received by it at the ensuing Board meeting. Should the ARC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

## Principle 13 – Internal Audit

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

HLS has been engaged as the independent internal auditor to perform internal audit review on various projects. The internal auditors report their findings and make recommendations to the ARC.

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

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

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

## D. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

### Principle 14 – Shareholders' Rights and Responsibilities

### Principle 15 – Communication with Shareholders

### Principle 16 – Conduct of Shareholders' Meetings

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

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

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

# CORPORATE GOVERNANCE REPORT

ANNUAL REPORT 2015

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

The Company communicates with shareholders and the investing community through the timely release of announcements to the SGX-ST via SGXNET. Financial results of the Company and the Group were released within 45 days from the respective quarter ended and 60 days from the full year financial year ended during the year. In addition, this annual report is distributed to shareholders at least 14 days before the AGM to be held on 28 April 2016.

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

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

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

With effect from 2015 AGM, the Company will adopt poll voting by shareholders for greater transparency in the voting process. The detailed voting results of each of the resolutions tabled will be announced immediately at the meeting. The total numbers of votes cast for or against the resolutions will also be announced immediately at the AGMs and after the meeting via SGXNet.

# CORPORATE GOVERNANCE REPORT

The Company has adopted a dividend policy that it believes appropriately reflects its goals, strategy and risk profile while providing attractive long-term return to investors. The Board is recommending 2.305 Singapore cents per ordinary share for FY2015 as the final one-tier tax-exempt dividend payable to the shareholders, subject to the approval of shareholders at the forthcoming AGM. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

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

## OTHER CORPORATE GOVERNANCE MATTERS

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

## DEALINGS IN SECURITIES

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

The Company has adopted an internal securities code of compliance to provide to the Directors and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules. During FY2015, the Company issues quarterly circulars to its Directors, officers and employees prohibiting dealing in its shares during the two weeks before the announcement of the Company's quarterly financial results and one month before the full-year financial results till the day of such announcements. Directors and employees are also advised against dealing in the Company's securities when they are in possession of any unpublished material price-sensitive information of the Group at all times. In addition, the Company discourages the Directors and employees from dealing in the Company's securities on short-term considerations. The Group confirmed that it has adhered to its internal securities code of compliance for FY2015.

# CORPORATE GOVERNANCE REPORT

ANNUAL REPORT 2015

## INTERESTED PERSON TRANSACTIONS

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

Details of the Interested Person Transactions ("IPTs") for FY2015 as required pursuant to Rule 907 of the Catalist Rules of SGX-ST:

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
Dr Ang Peng Tiam	202	N.A.
P.T. Ang Medical Services Pte Ltd	590	N.A.
StemCord Pte. Ltd. <sup>(1)</sup>	747	N.A.

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

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the ARC and the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company did not enter into any IPTs which require disclosure or shareholders' approval under Catalist Rules of SGX-ST regulating IPTs for FY2015.

## MATERIAL CONTRACTS

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

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

## NON-SPONSOR FEES

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

In compliance with Rule 1204 (21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, Hong Leong Finance Limited during FY2015.

# CORPORATE GOVERNANCE REPORT

TALKMED GROUP

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

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

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

<u>Use of IPO proceeds</u>	Amount allocated as set out in the Offer Document S\$'000	Amount Utilised S\$'000	Amount Unutilised S\$'000
Expanding repertoire of talent pool/ healthcare services	10,381	6,404 <sup>(1)</sup>	3,977
Overseas expansion/improving quality of medical services	6,920	6,920 <sup>(2)</sup>	–
<b>Total</b>	<b>17,301</b>	<b>13,324</b>	<b>3,977</b>

### Note:

- (1) Investments in Stem Med Pte. Ltd. and Hong Kong Integrated Oncology Centre Holdings Limited ("HKH") of S\$1.8 million and S\$4.60 million respectively.
- (2) Total investment in HKH by the company amounted to S\$11.52 million.

## CODE OF CONDUCT & PRACTICES

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

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of TalkMed Group Limited (the "Company") and its subsidiaries (collectively the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2015.

#### OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

#### DIRECTORS

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

Dr. Ang Peng Tiam  
Mr. Chandra Das s/o Rajagopal Sitaram  
Mr. Dan Yock Hian  
Dr. Khoo Kei Siong  
Mr. Lim Jen Howe  
Mr. Lim Teong Jin George  
Mr. Sitoh Yih Pin

#### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

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

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

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

## OPTIONS

No options were issued by the Company during the financial year. As at 31 December 2015, there are no options on the unissued shares of the Company or any other body corporate which were outstanding.

## AUDIT COMMITTEE

The Audit Committee ("AC") performed the functions specified in the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Report on Corporate Governance.

# DIRECTORS' STATEMENT

ANNUAL REPORT 2015

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## AUDITORS

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the board of directors,

Dr. Ang Peng Tiam  
Director

Dr. Khoo Kei Siong  
Director

Singapore  
29 March 2016

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

TALKMED GROUP

TO THE MEMBERS OF TALKMED GROUP LIMITED

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of TalkMed Group Limited (the "Company") and its subsidiaries (collectively the "Group"), set out on pages 36 to 70, which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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## TO THE MEMBERS OF TALKMED GROUP LIMITED (CONT'D)

### Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

### 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.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
29 March 2016

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group	
		2015 S\$'000	2014 S\$'000
Revenue	4	65,716	63,165
<b>Other items of income</b>			
Interest income		439	136
Other income	5	104	90
<b>Other items of expense</b>			
Employee benefits expense	6	(15,134)	(14,002)
Operating lease expense		(1,238)	(732)
Other operating expenses		(1,512)	(2,072)
Share of results of associate		(2,888)	-
<b>Profit before tax</b>	7	45,487	46,585
Income tax expense	8	(8,315)	(8,057)
<b>Profit for the year, representing total comprehensive income for the year attributable to owners of the Company</b>		<u>37,172</u>	<u>38,528</u>
<b>Attributable to:</b>			
Owners of the Company		37,334	38,528
Non-controlling interest		(162)	-
<b>Total comprehensive income for the year</b>		<u>37,172</u>	<u>-</u>
<b>Earnings per share attributable to owners of the Company (cents per share)</b>			
Basic and diluted	9	<u>5.68</u>	<u>5.94</u>

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

# STATEMENTS OF FINANCIAL POSITION

ANNUAL REPORT 2015

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Plant and equipment	10	523	25	-	-
Investment in subsidiaries	11	-	-	4,113	2,313
Investment in associate	12	8,636	-	11,524	-
Prepaid operating expenses		15	-	-	-
		<u>9,174</u>	<u>25</u>	<u>15,637</u>	<u>2,313</u>
<b>Current assets</b>					
Prepaid operating expenses		103	41	16	7
Trade and other receivables	13	9,646	9,137	15,734	16,045
Cash and short-term deposits	14	49,562	50,895	7,540	21,426
		<u>59,311</u>	<u>60,073</u>	<u>23,290</u>	<u>37,478</u>
<b>Total assets</b>		<u>68,485</u>	<u>60,098</u>	<u>38,927</u>	<u>39,791</u>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	15	1,513	1,333	-	8
Other liabilities	16	1,284	905	153	34
Income tax payable		8,303	8,058	-	-
		<u>11,100</u>	<u>10,296</u>	<u>153</u>	<u>42</u>
<b>Net current assets</b>		<u>48,211</u>	<u>49,777</u>	<u>23,137</u>	<u>37,436</u>
<b>Non-current liabilities</b>					
Other liabilities	16	31	-	-	-
<b>Total liabilities</b>		<u>11,131</u>	<u>10,296</u>	<u>153</u>	<u>42</u>
<b>Net assets</b>		<u>57,354</u>	<u>49,802</u>	<u>38,774</u>	<u>39,749</u>
<b>Equity attributable to owners of the Company</b>					
Share capital	17	22,273	22,273	22,273	22,273
Merger reserve	18	(2,311)	(2,311)	-	-
Retained earnings		36,354	29,840	16,501	17,476
		<u>56,316</u>	<u>49,802</u>	<u>38,774</u>	<u>39,749</u>
<b>Non-controlling interests</b>		<u>1,038</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>57,354</u>	<u>49,802</u>	<u>38,774</u>	<u>39,749</u>
<b>Total equity and liabilities</b>		<u>68,485</u>	<u>60,098</u>	<u>38,927</u>	<u>39,791</u>

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

# STATEMENTS OF CHANGES IN EQUITY

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company				
	Share Capital (Note 17) S\$'000	Retained earnings S\$'000	Merger reserve (Note 18) S\$'000	Non-controlling interests S\$'000	Equity, Total S\$'000
<b>Group</b>					
Opening balance at 1 January 2015	22,273	29,840	(2,311)	–	49,802
Profit for the year, representing total comprehensive income for the year	–	37,334	–	(162)	37,172
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares (Note 24)	–	(30,820)	–	–	(30,820)
Incorporation of a subsidiary	–	–	–	1,200	1,200
Closing balance at 31 December 2015	<u>22,273</u>	<u>36,354</u>	<u>(2,311)</u>	<u>1,038</u>	<u>57,354</u>
<b>Group</b>					
Opening balance at 1 January 2014	2,313	12,800	(2,311)	–	12,802
Profit for the year, representing total comprehensive income for the year	–	38,528	–	–	38,528
<u>Contributions by and distributions to owners</u>					
Proceeds from share issuance at IPO	21,029	–	–	–	21,029
IPO share issuance expenses	(1,069)	–	–	–	(1,069)
Dividends on ordinary shares (Note 24)	–	(21,488)	–	–	(21,488)
Closing balance at 31 December 2014	<u>22,273</u>	<u>29,840</u>	<u>(2,311)</u>	<u>–</u>	<u>49,802</u>

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company				
	Share Capital (Note 17)	Retained earnings	Merger reserve (Note 18)	Non- controlling interests	Equity, Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Company</b>					
Opening balance at 1 January 2015	22,273	17,476	-	-	39,749
Profit for the year, representing total comprehensive income for the year	-	29,845	-	-	29,845
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares (Note 24)	-	(30,820)	-	-	(30,820)
Closing balance at 31 December 2015	<u>22,273</u>	<u>16,501</u>	<u>-</u>	<u>-</u>	<u>38,774</u>
<b>Company</b>					
Opening balance at 1 January 2014	2,313	(2,800)	-	-	(487)
Profit for the year, representing total comprehensive income for the year	-	41,764	-	-	41,764
<u>Contributions by and distributions to owners</u>					
Proceeds from share issuance at IPO	21,029	-	-	-	21,029
IPO share issuance expenses	(1,069)	-	-	-	(1,069)
Dividends on ordinary shares (Note 24)	-	(21,488)	-	-	(21,488)
Closing balance at 31 December 2014	<u>22,273</u>	<u>17,476</u>	<u>-</u>	<u>-</u>	<u>39,749</u>

# CONSOLIDATED CASH FLOW STATEMENT

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group	
		2015 S\$'000	2014 S\$'000
<b>Operating activities</b>			
Profit before tax		45,487	46,585
Adjustments for:			
Depreciation of plant and equipment	10	174	32
Interest income		(439)	(136)
Share of results of associate		2,888	–
Total adjustments		2,623	(104)
<b>Operating cash flows before changes in working capital</b>		48,110	46,481
<b>Changes in working capital</b>			
(Increase)/decrease in prepaid operating expenses		(77)	548
Increase in trade and other receivables		(446)	(2,208)
Increase/(decrease) in other payables		180	(6,716)
Increase/(decrease) in accrued operating expenses		410	(3,573)
Total changes in working capital		67	(11,949)
<b>Cash flows from operations</b>		48,177	34,532
Interest received		376	92
Income tax paid		(8,070)	(7,090)
<b>Net cash flows from operating activities</b>		40,483	27,534
<b>Investing activities</b>			
Purchase of plant and equipment	10	(672)	(4)
Investment in an associate		(11,524)	–
<b>Net cash flows used in investing activities</b>		(12,196)	(4)
<b>Financing activities</b>			
Proceeds from share issuance at IPO		–	21,029
IPO share expense capitalised		–	(1,069)
Capital contribution by non-controlling interests on incorporation of a subsidiary		1,200	–
Dividends paid on ordinary shares	24	(30,820)	(21,488)
<b>Net cash flows used in financing activities</b>		(29,620)	(1,528)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,333)	26,002
Cash and cash equivalents at 1 January		50,895	24,893
Cash and cash equivalents at 31 December	14	49,562	50,895

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

ANNUAL REPORT 2015

## 1. CORPORATE INFORMATION

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

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 *Basis of preparation*

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

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

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

### 2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 <i>Property, Plant and Equipment</i> : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 110 <i>Consolidated Financial Statements</i>	1 January 2016
Improvements to FRSs (November 2014)	
– Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
– Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018

Except for FRS 109 and FRS 115, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 115 are described below.

#### FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the new standard on the required effective date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

ANNUAL REPORT 2015

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

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

#### FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

### 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*

The consolidated financial statements of the Group have been prepared in accordance with RAP 12 Merger Accounting for Common Control Combinations in the absence of a Standard or an Interpretation that specifically applies to the business combination of the Company and its subsidiary, Singapore Cancer Centre Pte. Ltd. ("SCC").

Under this method, the Company has been treated as the holding company of SCC for the entire financial year ended 31 December 2013 rather than from the date of completion of the Restructuring Exercise in September 2013. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2013 included the results of SCC.

# NOTES TO THE FINANCIAL STATEMENTS

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

#### (b) *Business combinations (cont'd)*

Pursuant to this,

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

### 2.5 *Transactions with non-controlling interests*

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

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

### 2.6 *Foreign currency*

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

#### (a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 2.6 *Foreign currency (cont'd)*

#### (b) *Consolidated financial statements*

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

### 2.7 *Plant and equipment*

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 2.8 *Impairment of non-financial assets*

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

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

Impairment losses are recognised in profit or loss.

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

### 2.9 *Subsidiaries*

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

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

### 2.10 *Associates*

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

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

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 2.10 *Associates (cont'd)*

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

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

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

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

The financial statements of the associate is prepared as the same reporting date as the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

TALKMED GROUP

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

### 2.11 *Financial Instruments*

#### (a) *Financial assets*

##### *Initial recognition and measurement*

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

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

##### *Subsequent measurement*

##### *Loans and receivables*

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

##### *De-recognition*

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

#### (b) *Financial liabilities*

##### *Initial recognition and measurement*

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

### 2.12 *Impairment of financial assets*

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

#### *Financial assets carried at amortised cost*

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

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

# NOTES TO THE FINANCIAL STATEMENTS

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 2.12 *Impairment of financial assets (cont'd)*

#### *Financial assets carried at amortised cost (cont'd)*

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

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

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

### 2.13 *Cash and cash equivalents*

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

### 2.14 *Government grants*

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

### 2.15 *Employee benefits*

#### *Defined contribution plans*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 2.16 Leases

#### *As lessee*

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

### 2.17 Revenue

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

#### (a) *Consultancy services*

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

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

#### (b) *Management fees*

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

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TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 2.17 Revenue (cont'd)

#### (c) Stem cell processing services

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

#### (d) Storage fees

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

### 2.18 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 by the end of the reporting period, in the countries where the Group operates and generates taxable income.

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

#### (b) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 2.18 Taxes (cont'd)

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

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

#### (c) Sales tax

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

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

# NOTES TO THE FINANCIAL STATEMENTS

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### 2.19 *Share capital and share issue expenses*

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

## 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

### 3.1 *Judgements made in applying accounting policies*

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

#### *Impairment assessment of investments*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting period. Investments in subsidiaries and associate are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Investments in certain subsidiaries and associate were subjected to impairment tests for the financial year ended 31 December 2015 in view of the losses from operations. The Group has reviewed the Group's investment in these subsidiaries and associate for indicator of impairment and concluded that these subsidiaries and associate are currently in their start-up phase and are in gestation period as they strive to build up their patient base. The Group is confident that these subsidiaries and associate will turn profitable in the near future and no impairment is necessary. The carrying amount of the Group investments in subsidiaries and associate at the statements of financial position date are disclosed in Notes 11 and 12 to the financial statements respectively.

### 3.2 *Key sources of estimation uncertainty*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 4. REVENUE

	Group	
	2015 S\$'000	2014 S\$'000
Consultancy services	49,704	48,824
Management fees	15,913	14,341
Stem cell processing and storage services	99	–
	<u>65,716</u>	<u>63,165</u>

## 5. OTHER INCOME

	Group	
	2015 S\$'000	2014 S\$'000
Grant income from special employment credit scheme	10	8
Grant income from wage credit scheme	52	55
Productivity and Innovation Credit bonus	1	14
Grant income from temporary employment credit scheme	19	–
Others	22	13
	<u>104</u>	<u>90</u>

## 6. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015 S\$'000	2014 S\$'000
<b>Employee benefits expense (including directors):</b>		
Salaries and bonuses	14,250	13,257
Central Provident Fund contributions	697	588
Other short-term benefits	187	157
	<u>15,134</u>	<u>14,002</u>

## 7. PROFIT BEFORE TAX

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

	Note	Group	
		2015 S\$'000	2014 S\$'000
Employee benefits expense	6	15,134	14,002
Depreciation of plant and equipment	10	174	32
		<u>15,308</u>	<u>14,034</u>

# NOTES TO THE FINANCIAL STATEMENTS

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 8. INCOME TAX EXPENSE

### *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group	
	2015 S\$'000	2014 S\$'000
Current income tax:		
– Current income taxation	8,303	8,057
– Under provision in respect of previous year	12	–
Income tax expense recognised in profit or loss	<u>8,315</u>	<u>8,057</u>

### *Relationship between tax expense and profit before tax*

Reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 is as follows:

	Group	
	2015 S\$'000	2014 S\$'000
Profit before tax	<u>45,487</u>	<u>46,585</u>
Tax at the domestic tax rate of 17%	7,733	7,920
Tax effect of:		
Non-deductible expenses	67	208
Income not subject to tax	–	(13)
Effect of partial tax exemption and tax relief	(74)	(59)
Deferred tax assets not recognized	94	–
Under provision in respect of previous year	12	–
Share of results of associate	491	–
Others	(8)	1
Income tax expense recognised in profit or loss	<u>8,315</u>	<u>8,057</u>

### *Tax consequence of proposed dividends*

There are no income tax consequence (2014: S\$Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 24).

# NOTES TO THE FINANCIAL STATEMENTS

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## 9. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	2014
Profit for the year attributable to owners of the Company (\$S'000)	37,334	38,528
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation	657,143,000	648,501,110
Basic and diluted earnings per share (cents per share)	5.68	5.94

The diluted earnings per share are the same as the basic earnings per share as the Company does not have any dilutive potential ordinary shares for the financial years ended 31 December 2015 and 31 December 2014.

# NOTES TO THE FINANCIAL STATEMENTS

TALKMED GROUP

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## 10. PLANT AND EQUIPMENT

Group	Furniture and fittings S\$'000	Clinic equipment S\$'000	Office equipment S\$'000	Computers S\$'000	Renovations S\$'000	Lab equipment S\$'000	Total S\$'000
<b>2015</b>							
<i>Cost</i>							
At 1 January 2014	42	10	13	7	25	–	97
Additions	–	–	–	4	–	–	4
At 31 December 2014	42	10	13	11	25	–	101
Additions	12	–	1	14	546	99	672
At 31 December 2015	54	10	14	25	571	99	773
<i>Accumulated depreciation</i>							
At 1 January 2014	20	10	5	5	4	–	44
Depreciation charge for the year	12	–	5	3	12	–	32
At 31 December 2014	32	10	10	8	16	–	76
Depreciation charge for the year	12	–	4	4	136	18	174
At 31 December 2015	44	10	14	12	152	18	250
<i>Net book value</i>							
At 31 December 2014	10	–	3	3	9	–	25
At 31 December 2015	10	–	–	13	419	81	523

# NOTES TO THE FINANCIAL STATEMENTS

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## 11. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 S\$'000	2014 S\$'000
Equity shares, at cost	4,113	2,313

The Group has the following investment in subsidiaries.

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2015 %	2014 %
<i>Held by the Company:</i>				
Singapore Cancer Centre Pte. Ltd. <sup>1</sup> ("SCC")	Singapore	Provide specialist doctors and medical staff to operate Parkway Cancer Centre which is a division of Parkway Hospitals Singapore Pte. Ltd. for the provision of specialist oncology services	100	100
TalkMed Vietnam Pte. Ltd. <sup>1</sup>	Singapore	Provide specialised medical oncology services	100	100
Stem Med Pte. Ltd. <sup>1</sup>	Singapore	Provide services related to the processing, culturing and storage of stem cells	60	-

<sup>1</sup> Audited by Ernst & Young LLP, Singapore

During the financial year ended 31 December 2015, the Company entered into a shareholders' agreement with StemCord Pte. Ltd. ("StemCord") to incorporate Stem Med Pte. Ltd. ("Stem Med") with a registered capital of S\$3,000,000.

# NOTES TO THE FINANCIAL STATEMENTS

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 12. INVESTMENT IN ASSOCIATE

The Group's investment in associate is summarised below:

	Group		Company	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Hong Kong Integrated Oncology Centre Holdings Limited ("HKH")</b>				
Cost of acquisition	11,524	-	11,524	-
Share of post-acquisition results	(2,888)	-	-	-
	<u>8,636</u>	<u>-</u>	<u>11,524</u>	<u>-</u>

The Group has the following investment in associate.

Name	Country of Incorporation	Principal activities	Proportion of ownership interest	
			2015 %	2014 %
<i>Held by the Company:</i>				
Hong Kong Integrated Oncology Centre Holdings Limited ("HKH")	Cayman Islands	Investment holding company	30	-
<i>Held by HKH:</i>				
Hong Kong Integrated Oncology Centre Limited ("HKIOC")	Hong Kong	Provision of specialist oncology services	100	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<i>Trade and other receivables (current):</i>				
Trade receivables	9,059	8,963	–	–
Amounts due from a subsidiary (non-trade)	–	–	55	22
Dividends receivable from a subsidiary	–	–	15,500	16,000
Refundable deposits	322	128	–	–
Interest receivables	107	44	22	21
Other receivables	158	2	157	2
Total trade and other receivables	9,646	9,137	15,734	16,045
Add: Cash and short-term deposits (Note 14)	49,562	50,895	7,540	21,426
Total loans and receivables	59,208	60,032	23,274	37,471

### Trade receivables

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

### Amounts due from a subsidiary (non-trade)

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

### Receivables that are past due but not impaired

The Company has trade receivables amounting to S\$164,000 (2014: S\$92,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	2015 S\$'000	2014 S\$'000
Trade receivables past due but not impaired:		
1 to 30 days	7	2
30 to 90 days	17	12
More than 90 days	140	78
	164	92

There is no impairment loss on trade receivables for the financial year ended 31 December 2015 and 2014.

# NOTES TO THE FINANCIAL STATEMENTS

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 14. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Cash at banks and on hand	14,208	21,803	408	10,374
Short-term deposits	35,354	29,092	7,132	11,052
Cash and short-term deposits	<u>49,562</u>	<u>50,895</u>	<u>7,540</u>	<u>21,426</u>

Cash at bank earn interests ranging 0.25% to 0.35% per annum. Short-term deposits are made for varying periods of between 3 months and 6 months, depending on the immediate cash requirements of the Group, and earn interests ranging from 0.95% to 1.40% per annum.

## 15. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Trade payables	16	-	-	-
GST payable	1,132	1,205	-	-
Rental deposits	277	113	-	-
Other payables	42	11	-	-
Amounts due to a director-related company (non-trade)	24	1	-	-
Amounts due to a director-related company (trade)	22	-	-	-
Amounts due to a director (non-trade)	-	3	-	-
Amounts due to a subsidiary (non-trade)	-	-	-	8
	<u>1,513</u>	<u>1,333</u>	<u>-</u>	<u>8</u>
Add: Accrued operating expenses (Note 16)	1,276	905	153	34
Less: GST payable	(1,132)	(1,205)	-	-
Total financial liabilities carried at amortised cost	<u>1,657</u>	<u>1,033</u>	<u>153</u>	<u>42</u>

*Amounts due to a director-related company/director/subsidiary (trade)/(non-trade)*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 16. OTHER LIABILITIES

	Group		Company	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Current</b>				
Accrued operating expenses	1,276	905	153	34
Deferred revenue	8	-	-	-
	<u>1,284</u>	<u>905</u>	<u>153</u>	<u>34</u>
<b>Non-current</b>				
Deferred revenue	31	-	-	-

## 17. SHARE CAPITAL

	Group and Company			
	2015		2014	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
<b>Issued and fully paid ordinary shares</b>				
At 1 January	657,143	22,273	552,000	2,313
Issuance of ordinary shares pursuant to IPO	-	-	105,143	21,029
Share issuance expense	-	-	-	(1,069)
At 31 December	<u>657,143</u>	<u>22,273</u>	<u>657,143</u>	<u>22,273</u>

During the financial year ended 31 December 2014, the Company issued 105,143,000 ordinary shares at S\$0.20 each pursuant to the Initial Public Offering ("IPO") of the Company.

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.

## 18. MERGER RESERVE

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

TALKMED GROUP

## 19. RELATED PARTY TRANSACTIONS

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

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

	Group	
	2015 S\$'000	2014 S\$'000
Operating lease expense paid to a director and director-related companies	925	455
Service fees paid to director-related companies	80	12
Payment made on behalf by a director-related company	598	–

### (b) Compensation of key management personnel

	Group	
	2015 S\$'000	2014 S\$'000
Short-term employee benefits	5,791	5,807
Directors' fees	380	380
Central Provident Fund contributions	48	43
	<u>6,219</u>	<u>6,230</u>
Comprises amount paid to:		
– Directors of the Company	5,452	5,440
– Directors of subsidiaries	508	503
– Other key personnel	259	287
	<u>6,219</u>	<u>6,230</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 20. OPERATING LEASE COMMITMENTS – AS LESSEE

The Group has entered into commercial operating leases on certain clinic centres and office premises. These leases have an average tenure of between 1 to 3 years with and without renewal option and escalation clauses. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2015 amounted to S\$1,238,000 (2014: S\$732,000).

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

	2015 S\$'000	2014 S\$'000
Not later than one year	1,130	763
Later than one year but not later than five years	1,085	460
	<u>2,215</u>	<u>1,223</u>

## 21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

### (a) *Credit risk*

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

# NOTES TO THE FINANCIAL STATEMENTS

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### (a) *Credit risk (cont'd)*

#### Exposure to credit risk

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

#### Credit risk concentration profile

The Group has only two (2014: three) trade debtor and the carrying amount of trade receivables due from these trade debtors as at 31 December 2015 is as disclosed in Note 13.

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

#### Financial assets that are neither past due nor impaired

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

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 (Trade and other receivables).

### (b) *Liquidity risk*

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

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

# NOTES TO THE FINANCIAL STATEMENTS

ANNUAL REPORT 2015

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

*Analysis of financial instruments by remaining contractual maturities*

At the end of the reporting period, all of the Group's and the Company's financial assets and liabilities mature within one year based on the carrying amounts reflected in the financial statements.

	Group	
	2015	2014
	1 year or less	1 year or less
	S\$'000	S\$'000
<i>Financial assets</i>		
Trade and other receivables	9,646	9,137
Cash and short-term deposits	49,562	50,895
Total undiscounted financial assets	<u>59,208</u>	<u>60,032</u>
<i>Financial liabilities</i>		
Trade and other payables (net of GST payable)	381	128
Accrued operating expenses	1,276	905
Total undiscounted financial liabilities	<u>1,657</u>	<u>1,033</u>
Total net undiscounted financial assets	<u>57,551</u>	<u>58,999</u>
	Company	
	2015	2014
	1 year or less	1 year or less
	S\$'000	S\$'000
<i>Financial assets</i>		
Trade and other receivables	15,751	16,051
Cash and short-term deposits	7,540	21,426
Total undiscounted financial assets	<u>23,291</u>	<u>37,477</u>
<i>Financial liabilities</i>		
Trade and other payables	-	8
Accrued operating expenses	153	34
Total undiscounted financial liabilities	<u>153</u>	<u>42</u>
Total net undiscounted financial assets	<u>23,138</u>	<u>37,435</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

TALKMED GROUP

## 22. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

## 23. SEGMENT INFORMATION

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

(i) *Oncology services*

The provision of oncology services to Parkway Cancer Centre, a division of Parkway Hospitals Singapore Pte. Ltd. and THU CUC International General Hospital in Hanoi, Vietnam.

(ii) *Stem cells services*

The provision of stem cells services related to processing, culturing and storage of stem cells provided to Parkway Cancer Centre, a division of Parkway Hospitals Singapore Pte. Ltd.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 23. SEGMENT INFORMATION (CONT'D)

	Oncology services S\$'000	Stem cell services S\$'000	Per consolidated financial statement S\$'000
<b>Group 2015</b>			
<b>Revenue</b>			
External customers, representing total revenue	65,617	99	65,716
<b>Results:</b>			
Interest income	436	3	439
Depreciation of plant and equipment	(25)	(149)	(174)
Employee benefits expense	(15,073)	(61)	(15,134)
Share of results of associate	(2,888)	–	(2,888)
Income tax expense	(8,315)	–	(8,315)
Segment profit/(loss)	37,577	(405)	37,172
<b>Assets:</b>			
Investment in associate	8,636	–	8,636
Segment assets	57,124	2,725	59,849
Total assets	65,760	2,725	68,485
<b>Liabilities</b>			
Segment liabilities	11,001	130	11,131

As at 31 December 2014, the Group has only one operating segment in the provision of oncology services. Management has not identified any business or operating units separately for purpose of making decisions about resource allocation and performance assessment.

### Geographical information

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

	Revenue		Non-current assets	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Singapore	65,385	63,080	538	25
Vietnam	331	85	–	–
	65,716	63,165	538	25

# NOTES TO THE FINANCIAL STATEMENTS

TALKMED GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 23. SEGMENT INFORMATION (CONT'D)

### *Geographical information (cont'd)*

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

### *Information about a major customer*

Revenue from one major customer amounted to S\$65,227,000 (2014: S\$63,080,000), arising from the provision of oncologists and medical staff to operate Parkway Cancer Centre in Singapore and provision of stem cell processing and storage services to Parkway Cancer Centre.

## 24. DIVIDENDS

	2015 S\$'000	2014 S\$'000
<b>Declared and paid during the financial year:</b>		
<i>Dividends on ordinary shares:</i>		
– Final exempt (one-tier) dividend for 2014: 2.43 cents (2013: 1.14 cents) per share	15,969	7,491
– First interim exempt (one-tier) dividend for 2015: 2.26 cents (2014: 2.13 cents) per share	<u>14,851</u>	<u>13,997</u>
	<u>30,820</u>	<u>21,488</u>
<b>Proposed dividends to the Company's shareholders but not recognised as a liability as at 31 December:</b>		
– Final exempt (one-tier) dividend for 2015: 2.305 cents (2014: 2.43 cents) per share	<u>15,147</u>	<u>15,969</u>

## 25. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the period ended 31 December 2015 were authorised for issue in accordance with a resolution of directors on 29 March 2016.

# STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2016

ANNUAL REPORT 2015

## SHARE CAPITAL

ISSUED AND FULLY PAID UP CAPITAL	:	S\$22,272,984
NUMBER OF SHARES ISSUED	:	657,143,000
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE
TREASURY SHARES	:	NIL

## DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	Number of Shareholders	%	Number of shares	%
1 – 99	NIL	NIL	NIL	NIL
100 – 1,000	32	6.03	25,100	0.00
1,001 – 10,000	240	45.20	1,392,000	0.21
10,001 – 1,000,000	248	46.70	24,896,000	3.79
1,000,001 & above	11	2.07	630,829,900	96.00
TOTAL	531	100.00	657,143,000	100.00

## TOP TWENTY SHAREHOLDERS AS AT 15 MARCH 2016

No.	Name of Shareholders	Number of shares	%
1.	Ladyhill Holdings Pte. Ltd	429,456,000	65.35
2.	Dr Khoo Kei Siong	49,680,000	7.56
3.	Dr Teo Cheng Peng	49,128,000	7.48
4.	UOB Kay Hian Pte Ltd	35,840,400	5.46
5.	Dr Lim Hong Liang	23,736,000	3.61
6.	Raffles Nominees (Pte) Ltd	22,552,400	3.43
7.	QAP Capital Pte Ltd	13,030,000	1.98
8.	DBS Nominees Pte Ltd	2,309,100	0.35
9.	See Hui Ti	2,138,000	0.33
10.	Lim Bee Kok	1,950,000	0.30
11.	Lai Jason Justin	1,010,000	0.16
12.	Chandra Das Nareshkumar	1,000,000	0.15
13.	Ida Mustika Tjokrosetio	954,000	0.15
14.	Thng Yongxian (Tang Yongxian)	851,000	0.13
15.	Chan Jin Hoe	800,000	0.12
16.	Ng Lin Chieh Kelvin	750,000	0.11
17.	Sng Su Ying Marian	750,000	0.11
18.	Tan Fan Hao Matthew	750,000	0.11
19.	Tan Yii Hsien Barnabas (Chen Yuxian Barnabas)	750,000	0.11
20.	Foo Kian Fong	730,000	0.11
		638,164,900	97.11

# STATISTICS OF SHAREHOLDINGS

TALKMED GROUP

AS AT 15 MARCH 2016

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
Ladyhill Holdings Pte. Ltd.	429,456,000 <sup>(1)</sup>	65.35	–	–	429,456,000 <sup>(1)</sup>	65.35
Dr Khoo Kei Siong	49,680,000	7.56	–	–	49,680,000	7.56
Dr Teo Cheng Peng	49,128,000	7.48	–	–	49,128,000	7.48
Dr Ang Peng Tiam	–	–	429,456,000 <sup>(1)</sup>	65.35	429,456,000 <sup>(1)</sup>	65.35
Mdm Chua Siok Lin	–	–	429,456,000 <sup>(1)</sup>	65.35	429,456,000 <sup>(1)</sup>	65.35

Note:

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

## SHAREHOLDING HELD IN PUBLIC HANDS

As at 15 March 2016, approximately 16% of the issued ordinary shares of the Company was held in the hands of the public. Accordingly, the Company had complied with Rule 723 of the Rules of Catalist of the Singapore Exchange Securities Trading Limited.

# NOTICE OF THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of TalkMed Group Limited will be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on Thursday, 28 April 2016 at 6:00 p.m., for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2015 together with the Auditors' Report thereon. (Resolution 1)
2. To declare a final one-tier tax-exempt dividend of 2.305 Singapore cents per ordinary share in respect of the financial year ended 31 December 2015. (Resolution 2)
3. To approve the payment of Directors' fees of S\$380,000 for the financial year ending 31 December 2016 to be paid quarterly in arrears. (2015: S\$380,000) (Resolution 3)
4. To re-appoint Mr S. Chandra Das, the Director who was previously reappointed to hold office until the next Annual General Meeting of the Company pursuant to the then Section 153(6) of the Companies Act, Cap. 50.  
(Please see Explanatory Note (i)) (Resolution 4)
5. To re-elect the following Directors who retire by rotation pursuant to Article 91 of the Company's Constitution:
 

Mr Lim Teong Jin George  
(Please see Explanatory Note (ii)) (Resolution 5)

Mr Dan Yock Hian  
(Please see Explanatory Note (iii)) (Resolution 6)
6. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. (Resolution 7)
7. To transact any other ordinary business which may properly be transacted at an annual general meeting.

## AS SPECIAL BUSINESS

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

8. Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual, Section B: Rules of Catalist (the "Catalist Rules") of Singapore Exchange Securities Trading Limited ("SGX-ST")

# NOTICE OF THIRD ANNUAL GENERAL MEETING

TALKMED GROUP

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Catalist Rules of the SGX-ST, the Directors of the Company be authorised and empowered to:

- (a) (1) issue shares in the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or
- (2) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

(the “Share Issue Mandate”)

provided that:

- (1) the aggregate number of Shares (including the Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including the Shares in pursuance of the Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments shall be based on the number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (i) new Shares arising from the conversion or exercise of the Instruments;
  - (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with part VIII of the Chapter 8 of the Catalist Rules of the SGX-ST; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;

# NOTICE OF THIRD ANNUAL GENERAL MEETING

- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.  
(Please see Explanatory Note (iv))

(Resolution 8)

BY ORDER OF THE BOARD

LIM HENG CHONG BENNY  
CHIN SU XIAN  
Joint Company Secretaries

13 April 2016  
Singapore

#### Explanatory Notes:

- (i) Key information on Mr S. Chandra Das, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 4, is found on page 6 of the Annual Report. Ordinary Resolution 4, if passed, will re-appoint Mr S. Chandra Das as Director of the Company. As Mr S. Chandra Das was re-appointed to hold office until the next Annual General Meeting of the Company pursuant to the then Section 153(6) of the Companies Act Cap. 50, the re-appointment of Mr S. Chandra Das is proposed although he will not be subject to subsequent annual re-appointments with the repeal of Section 153 with effect from 3 January 2016. Mr S. Chandra Das will, upon the re-appointment as Director of the Company, remain as the Chairman of the Board of Directors, Nominating and Remuneration Committees respectively.
- (ii) Key information on Mr Lim Teong Jin George, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 5, is found on page 8 of the Annual Report. Mr Lim Teong Jin George will, upon the re-election as Director of the Company, remain as a member of the Remuneration Committee of the Company.
- (iii) Key information on Mr Dan Yock Hian, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 6, is found on page 8 of the Annual Report. Mr Dan Yock Hian will, upon the re-election as Director of the Company, remain as a member of the Audit and Risk and Nominating Committees respectively and will be considered as independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

# NOTICE OF THIRD ANNUAL GENERAL MEETING

TALKMED GROUP

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

## Notes:

1. A Member entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 101 Thomson Road #09-02 United Square Singapore 307591 not less than forty-eight (48) hours before the time appointed for holding the AGM.
4. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

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

# NOTICE OF THIRD ANNUAL GENERAL MEETING

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

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

The contact person for the Sponsor is:

Name: Mr. Tang Yeng Yuen, Vice President, Head of Corporate Finance

Telephone: (65) 6415-9886

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

## Personal Data Privacy:

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

#### Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint one (1) or two (2) proxy(ies) to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

4. Where a member appoints two (2) proxies, the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy must be specified. If no proportion of shareholding is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares held and any second named proxy as an alternate to the first named proxy.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 101 Thomson Road, #09-02 United Square, Singapore 307591 not less than forty-eight (48) hours before the time appointed for the AGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with this instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

#### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 April 2016.

#### General:

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

# TALKMED GROUP LIMITED

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

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

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

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport number)

of \_\_\_\_\_ (Address)

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("AGM") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on Thursday, 28 April 2016 at 6:00 p.m, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

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

No.	Resolutions relating to:	For	Against
1.	Adoption of Directors' Report and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2015 together with the Auditors' Report thereon		
2.	Approval of final one-tier tax-exempt dividend of 2.305 Singapore cents per ordinary share in respect of the financial year ended 31 December 2015		
3.	Approval of Directors' fees of S\$380,000 for the financial year ending 31 December 2016 to be paid quarterly in arrears		
4.	Re-appointment of Mr S. Chandra Das, the Director who was previously reappointed to hold office until the next Annual General Meeting of the Company pursuant to the then Section 153(6) of the Companies Act Cap. 50		
5.	Re-election of Mr Lim Teong Jin George as a Director of the Company pursuant to Article 91 of the Company's Constitution		
6.	Re-election of Mr Dan Yock Hian as a Director of the Company pursuant to Article 91 of the Company's Constitution		
7.	Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise the Directors of the Company to fix their remuneration		
8.	Authority to allot and issue new Shares		

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016

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

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

**IMPORTANT:** Please read notes on the left



*Fold along this line*

Affix  
Postage  
Stamp  
Here

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

*Fold along this line*





101 Thomson Road #09-02  
United Square  
Singapore 307591