



2016

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

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

Mr Sitoh Yih Pin
(Independent Director)

Mr Dan Yock Hian
(Independent Director)

Mr Lim Jen Howe
(Non-Executive Director)

Mr Lim Teong Jin George
(Non-Executive Director)

AUDIT AND RISK COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATING COMMITTEE

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

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

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

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

SPONSOR

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

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

CORPORATE PROFILE

TalkMed Group Limited ("TalkMed" or the "Company") 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 nine clinics in Gleneagles Hospital Singapore, Mount Elizabeth Hospital Singapore, Mount Elizabeth Medical Centre, Mount Elizabeth Novena Specialist Centre Singapore and Parkway East Hospital, 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 majority 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 to provide medical services related to cellular therapy.

Stem Med provides a comprehensive range of stem cell banking services. It is equipped in accordance with EC GMP Guideline, ISO 14644:2015 and the relevant sections of the Institute Of Environmental Science and Technology Recommended Practice, IEST-RP-CC006.3 and the National Environmental Balancing Bureau (NEBB) Procedural Standards for Certified Testing of Cleanrooms (3rd Edition) 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 March 2017, Stem Med incorporated Stem Med Indonesia Pte. Ltd. ("SMI"), a 90%-owned subsidiary of Stem Med, to explore business opportunities in Indonesia in the areas of operation of cellular laboratories and storage facilities and cellular therapeutics clinics in Indonesia.

TalkMed also holds a 30% stake in Hong Kong Integrated Oncology Centre Holdings Limited ("HKH"). HKH is the controlling shareholder and operator of an integrated oncology centre known as Hong Kong Integrated Oncology Centre Limited ("HKIOC") which commenced operations in May 2015. On 1 September 2016, HKIOC entered into a strategic collaboration with Hong Kong Adventist Hospital to offer seamless multi-disciplinary cancer services, simplifying patient flow that allows multidisciplinary specialists to provide both physical and psychological care, from diagnosis to treatment and rehabilitation. Following the collaboration, HKIOC now provides a comprehensive range of treatment (including surgery, radiotherapy and medication), diagnostic imaging and endoscopy services in Hong Kong. Through HKIOC, TalkMed can indirectly extend its oncology related businesses into the Greater China market.

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

MESSAGE TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors (the “Board”) of TalkMed Group Limited (the “Company”), I am pleased to present our Annual Report for the financial year ended 31 December 2016 (“FY2016”).

For FY2016, our revenue improved by some S\$3.20 million or 4.9% to S\$68.91 million. However, total operating expenses saw a more than proportionate increase of 15.8%, or some S\$2.82 million to S\$20.70 million. Employee benefits for FY2016 increased mainly due to an increase in staff salary, higher bonuses paid out and additional staff recruited during the year to support growing business activities. Operating lease expenses increased due to new operating leases which came into effect in October 2016 and the full year effect of an operating lease that was effected in June 2015, offset against a lease that was terminated in September 2015. Other operating expenses increased mainly due to the full-year effect in overhead expenses incurred by Stem Med which commenced operations in July 2015. In addition, for FY2016, the Group incurred a share of loss of its associated company, Hong Kong Integrated Oncology Centre Holdings Limited (“HKH”), of some S\$3.63 million. As a result of the above factors, the Group’s FY2016 profit attributable to shareholders was relatively unchanged at S\$37.39 million.

In view of the stable performance for FY2016, the Board of Directors is proposing a final dividend of 2.283 Singapore cents per ordinary share in respect of FY2016. Together with the interim dividend of 2.280 Singapore cents per ordinary share that was paid on 22 August 2016, the total dividend for FY2016 amounts to 4.563 Singapore cents per ordinary share, almost the same level as the dividends paid out for FY2015. The total dividends for FY2016 will constitute 80.2% of FY2016’s profit attributable to shareholders, and have once again exceeded the dividend policy of 75% payout that was set out in our IPO Offer Document dated 17 January 2014.

I am pleased to inform shareholders that the performance of our wholly-owned subsidiary, TalkMed Vietnam Pte. Ltd., continues to improve. For FY2016, its revenue increased 21.3%, or S\$0.07 million, to S\$0.40 million. We are optimistic that our business in Vietnam can continue to expand and contribute more in the years to come.

Our 60%-owned subsidiary, Stem Med Pte. Ltd. (“Stem Med”), which commenced operations in mid-2015, has progressed within our expectations. I am pleased to inform shareholders that the revenue derived from Stem Med’s stem cell processing and storage services amounted to S\$0.40 million in FY2016, which represented an increase of S\$0.30 million or 300.0% over that of FY2015.

HKH is the controlling shareholder and operator of Hong Kong Integrated Oncology Centre Limited, an integrated oncology centre in Hong Kong, which commenced operations in May 2015. Since its inception, the number of patient visits, and the number of imaging and endoscopy services have registered on an average double-digit percentage increase quarterly. Our share of HKH’s losses in FY2016 was some S\$3.63 million, which had narrowed when compared to FY2015’s extrapolated results. As HKH is still in its gestation period, we remain optimistic that its business can improve in time to come and will contribute positively to our bottom-line. This venture can also provide a possible channel for us to bring our oncology related businesses to the Greater China market.

As much as economists have warned about the global economy becoming more uncertain amidst fundamental shifts in investment and trade patterns, the economies of Singapore and countries in Southeast Asia are still expected to expand. Aging demographic trend in Singapore and nearby cities will continue to support the demand for specialist medical oncology and haematology healthcare services.

On expanding our business, we will continue to explore local and overseas opportunities. In this regard, Stem Med has, on 1 March 2017, incorporated in Singapore, Stem Med Indonesia Pte. Ltd., a 90-10 company with partner Andreas Wihardja. By virtue of our 60% interest in Stem Med, we hold 54% stake of this new subsidiary, which we intend to use as a vehicle to explore business opportunities in Indonesia in the areas of operation of cellular laboratories and storage facilities and cellular therapeutics clinics.



MESSAGE TO SHAREHOLDERS

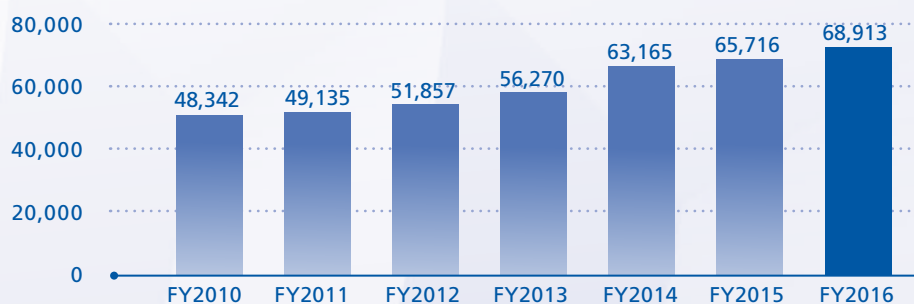
I am also pleased to inform shareholders that we are proposing to reward shareholders with bonus shares for their continuing support. With the authority to issue shares granted by our shareholders in a resolution at our annual general meeting in 2016, we plan to issue bonus shares to our shareholders on the basis of one bonus share for every one existing ordinary share. We hope the bonus issue can also improve the trading liquidity of our shares, allow for greater participation by investors and broaden our shareholder base.

On behalf of the Board, I would like to thank the Group's management team, staff and business associates for bringing yet another successful year for TalkMed. I am confident that the management team will continue to work hard to bring greater success in the coming years.

S. Chandra Das
Chairman

FINANCIAL & OPERATIONS HIGHLIGHTS

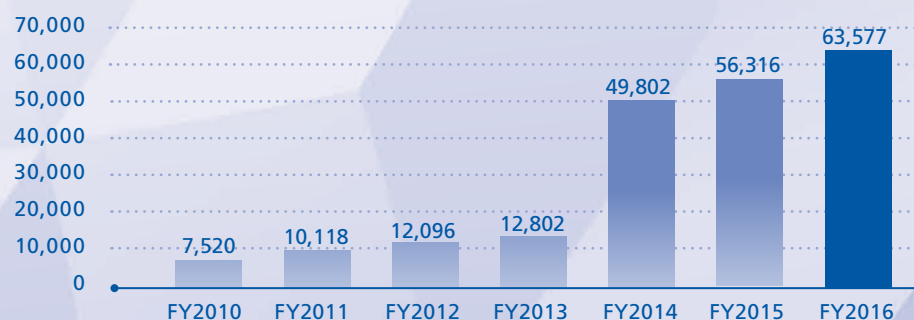
REVENUE (S\$'000)



PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S\$'000)



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



NUMBER OF CLINICS	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
	6	6	7	7	8	8	9
NUMBER OF DOCTORS	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
	8	8	8	12	12	13	13

BOARD OF DIRECTORS

MR S. CHANDRA DAS, 77

Non-Executive Chairman and Independent Director

Mr S. Chandra Das joined the board as Non-Executive Chairman and Independent Director on 23 December 2013, and was last re-appointed as a director on 28 April 2016. He is also the Chairman of 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, 58

Executive Director and Chief Executive Officer (CEO)

Dr Ang Peng Tiam is our Executive Director and CEO and he was first appointed to our Board on 10 September 2013, and was last re-appointed as a director on 27 April 2015. He is a member of the Nominating Committee. Dr Ang provides the vision and the strategic direction for our Group. Dr Ang is currently Medical Director and Senior Consultant of Parkway Cancer Centre at Mount Elizabeth Hospital, where he provides the clinical and operational leadership in the provision of care and treatment for cancer patients.

From 1991 to 1997, Dr Ang was the Founding Head of Department of Medical Oncology at Singapore General Hospital, Singapore's oldest and largest tertiary acute hospital and national referral center. He held a concurrent post of Clinical Associate Professor of Medicine from National University of Medicine since 1996. He began his training in Medical Oncology at Singapore General Hospital in 1986 and continued his training as a Fellow in Medical Oncology at the University of Texas, MD Anderson Cancer Centre in Houston, Texas in 1989

and at the Division of Oncology at Stanford University in Palo Alto, California in 1989. Dr Ang started his career as an Internal Medicine Resident in the National University Hospital after serving as Medical Staff Officer at the Medical Services Headquarters in the Singapore Armed Forces.

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

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

BOARD OF DIRECTORS

DR KHOO KEI SIONG, 55

Executive Director and Chief Operating Officer (COO)

Dr Khoo Kei Siong is our Executive Director and COO and was first appointed to our Board on 10 September 2013, and was last re-appointed as a director on 25 April 2014. Dr Khoo is currently the Deputy Medical Director and Senior Consultant of Parkway Cancer Centre at Gleneagles Hospital, where he provides the clinical and operational leadership in the provision of care and treatment for cancer patients.

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

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

MR SITOH YIH PIN, 53

Independent Director

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

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

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

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

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

BOARD OF DIRECTORS

MR DAN YOCK HIAN, 50

Independent Director

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

He was a Senior Director at nTan Corporate Advisory Pte Ltd, a boutique corporate finance and corporate

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

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

MR LIM JEN HOWE, 63

Non-Executive Director

Mr Lim Jen Howe is a Non-Executive Director and was first appointed to our Board on 23 December 2013, and was last re-appointed as a director on 25 April 2014. He is a member of the Audit and Risk Committee.

Mr Lim has more than 35 years of experience in finance and accounting. He has been a practicing 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, 61

Non-Executive Director

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

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

Mr Lim is a certified Mediator with the International Mediation Institute, and is on the panel of the Singapore International Arbitration Centre and is a Fellow of the

Singapore Institute of Arbitrators. He serves on the ADR Advisory Council of the State Courts of Singapore as well as the Advisory Council of the Faculty of Law, National University of Singapore, as well as the Pro Bono Management Committee of the Law Society of Singapore.

Mr Lim is currently the Chairman of the Singapore International Mediation Centre. In 2016, he was identified by the *Who's Who of Commercial Mediation* as being among 341 of the world's leading commercial mediators.

Mr Lim was awarded a Public Service Medal in 2005 for his contributions to the legal profession and in 2013, the Law Society of Singapore honoured him with the CC Tan Award for exemplifying virtues of honesty, fair play and personal integrity.

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 Exchange Securities Trading Limited on corporate restructuring plans and corporate finance matters. Mr Lee had also practised at Ernst & Young, initially in audit and later in transaction advisory, as a senior associate.

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

SUSTAINABILITY REPORT

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

We believe that sustainability reporting helps us to instill discipline and raise our awareness of our own long-term vision and sustainable practices throughout our organisation. It forces us to see deeper into our risk factors, costs as well as our long-term corporate position and brand.

Environment

Medical waste, if improperly managed, poses serious threat to public safety due to the risks of disease transmission and may also lead to contamination of air, water and soil, which may affect all forms of life. Hence, the handling and subsequent disposal of medical waste is of utmost importance to us. We are committed to adhere to the relevant regulations and we hire licensed and experienced companies to collect, transport, and dispose of any biohazardous and cytotoxic waste.

Social responsibilities

People and communities are key to the success of our business. Within our organisation, we aim for fairness and equality in aspects of labour practices, employment issues and gender and we also place great emphasis on the importance of occupational health and safety. Externally, we support public health and healthcare campaigns as we believe that an organisation's success is not based solely on its business achievements but also by the positive impact it plays in the community. We see this as our social responsibility. It is important for us to engage with the communities which we operate in, to build their confidence in us and to contribute towards the goodness of society at large.

Our doctors actively contribute articles in various newspapers, magazines and medical journals. We also give talks to the public in Singapore and in the region to raise disease awareness and conduct continuous medical education sessions to medical professionals in neighbouring countries.

Locally, Parkway Cancer Centre ("PCC") was the main sponsor for the *"Wear the Pink Ribbon Campaign 2016"*. This was a key activity in the Breast Cancer Awareness Month in October 2016. The Breast Cancer Foundation ("BCF") produced a specially designed pink ribbon pin through which the public can show their support with a small donation. Besides raising funds, the act of wearing the pink ribbon pins helped create greater awareness of breast cancer and spread the important message on early detection and breast screening. PCC also jointly created a pin design for the event to commemorate PCC's 10th anniversary. The theme was *"Celebrating 10 Years of Hope, Health and Happiness."*

PCC also sponsored the *"Race Against Cancer 2016"* event which was organised by Singapore Cancer Society ("SCS"). It was our third consecutive year supporting SCS in their annual running event. The event, which aims to raise public awareness on the impact of cancer, was held on 3 July 2016. Our CEO, Dr Ang Peng Tiam, even took part in the CEO Against Cancer (Fund-raising Challenge) where corporate chieftains raised funds through their own network of personal and business contacts and ran at the event as well.

PCC also donated 50 sets of gift packs for SCS's beneficiaries during Chinese New Year, which were hand-delivered by our doctors, administrative staff and nurses to the homes of the SCS's beneficiaries.

Overseas initiatives by PCC included the good work of Cancer Resource and Wellness ("Carewell") Community and ICANSERVE Foundation in the Philippines. Carewell is a nonprofit foundation that provides support, education, and hope to persons with cancer and their loved ones while the ICANSERVE Foundation provides hope and help to women with breast cancer. Apart from a monetary donation for their anniversary event, our doctors held talks and held *"Meet the Specialists"* sessions at their premises.

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 watertight. As a public-listed company, we abide by

SUSTAINABILITY REPORT

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 Investor 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.

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 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 in order to 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 staff are committed to continuously update themselves on the latest medical knowledge, treatment methods and equipment and are always on the look-out for the pursuit of opportunities so as to capitalize 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 organisations 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 Chief Executive Officer, 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 the necessary remedial action that commensurates with the severity of the infringement and if necessary, refer the matter 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 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 2016 (“**FY2016**”) in keeping pace with the evolving corporate governance practices and complying with the Code of Corporate Governance 2012 (the “**Code**”). The Board confirms that the Company has adhered to the principles and guidelines as set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

A. BOARD MATTERS

Principle 1 – The Board’s Conduct of its Affairs

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

The Board recognises that its principal duties include:

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

All the meeting dates of 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 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 also has 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 FY2016 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	6	6	–	–	1	1	1	1
Dr Ang Peng Tiam	6	5	–	–	1	1	–	–
Dr Khoo Kei Siong	6	6	–	–	–	–	–	–
Sitoh Yih Pin	6	6	4	4	–	–	1	1
Dan Yock Hian	6	6	4	4	1	1	–	–
Lim Jen Howe	6	6	4	4	–	–	–	–
Lim Teong Jin George	6	6	–	–	–	–	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/or other members of Management, to familiarise new Directors with business and corporate governance policies. The orientation programme gives Directors an understanding of the Group’s businesses to enable them to assimilate into their new roles. The programme also allows the new Directors to get acquainted with Management, thereby facilitating Board interaction and independent access to Management. All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities to participate in the relevant training courses, seminars and workshops as relevant and/or applicable. The Board is regularly briefed on recent changes to accounting standards and regulatory updates. The CEO updates the Board at each meeting on business and strategic developments of the Group, where applicable.

Principle 2 – Board Composition and Guidance

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

Name of Directors	Board Membership	Audit and Risk Committee	Nominating Committee	Remuneration Committee
S.Chandra Das	Independent Non-Executive Chairman	–	Chairman	Chairman
Dr Ang Peng Tiam	Executive Director & CEO	–	Member	–
Dr Khoo Kei Siong	Executive Director & Chief Operating Officer (“COO”)	–	–	–
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.

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

To ensure that the Non-Executive Directors are well-supported by accurate, complete and timely information, 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.

CORPORATE GOVERNANCE REPORT

The Chairman:

- is responsible for leadership of the Board and is pivotal in creating the conditions for overall effectiveness of the Board, Board Committees and individual Directors;
- takes a leading role in the Company's drive to achieve and maintain high standards of corporate governance with the full support of the Directors, Company Secretary and Management;
- approves agendas for the Board 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 as the highest ranking executive officer of the Group is responsible for:

- running the day-to-day business of the Group, within the authorities delegated to him by the Board;
- ensuring the implementation of policies and strategies across the Group as set by the Board;
- day-to-day management of the Management team;
- ensuring that the Chairman is kept 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 businesses 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

CORPORATE GOVERNANCE REPORT

The NC will meet at least once a year and one (1) NC Meeting was held in FY2016. 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 Chief Financial Officer ("**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 Committees of the Board 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 businesses 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 number of Directors who are retired by rotation at such meeting.

Pursuant to the Company's Constitution, one-third of the Directors shall retire from office and be re-elected at least once every 3 years at each AGM. Dr Ang Peng Tiam, Dr Khoo Kei Siong and Mr Lim Jen Howe, being the CEO, COO and Non-Independent Non-Executive Director of the Company respectively, will be retiring and seeking re-election at the forthcoming AGM in accordance with Article 91 of the Company's Constitution.

In making the recommendations, the NC considers the overall contribution and performance of the Directors. Dr Ang Peng Tiam, being the member of NC, had abstained from deliberation in respect of his own nomination and assessment.

CORPORATE GOVERNANCE REPORT

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

Despite some of the Directors having other board representations and other principal commitments, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. As a guide, the Board has 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 judgement, 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.

CORPORATE GOVERNANCE REPORT

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 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.

CORPORATE GOVERNANCE REPORT

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

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

The RC will meet at least once a year. The RC, carries out its duties in accordance with a set of terms of reference which 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 aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind;
- reviewing and recommending the remuneration of the Non-Executive Directors, taking into account factors such as their effort, time spent and their responsibilities;
- reviewing and determining the contents of any service contracts for any Directors or key Management personnel; and
- carrying out other duties as may be agreed by the RC and the Board, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

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

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

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

CORPORATE GOVERNANCE REPORT

Principle 9 – Disclosure on Remuneration

Details of the remuneration of Directors and top five (5) key Management personnel of the Group for FY2016 are set out below:

Name of Directors	Band ⁽¹⁾	Fees	Salary ⁽²⁾	Bonus ⁽²⁾	Total
Directors					
S. Chandra Das	1	100%	–	–	100%
Dr Ang Peng Tiam (CEO)	3	–	100%	–	100%
Dr Khoo Kei Siong (COO)	2	–	100%	–	100%
Sitoh Yih Pin	1	100%	–	–	100%
Dan Yock Hian	1	100%	–	–	100%
Lim Jen Howe	1	100%	–	–	100%
Lim Teong Jin George	1	100%	–	–	100%
Top 5 key Management personnel					
Lee Boon Yong (CFO)	2	–	74%	26%	100%
Dr Lim Zi-Yi	3	–	24%	76%	100%
Dr Anselm Lee	3	–	24%	76%	100%
Dr See Hui Ti	3	–	60%	40%	100%
Dr Patricia Kho	3	–	60%	40%	100%

Notes:

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

The Board is of the view that it is not in the interest 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 due to the sensitive and confidential nature of such information and disadvantages that might bring. There are 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 contributions thereon and bonuses) paid to the top five key Management personnel for FY2016 is approximately S\$4.08 million.

There was no employee of the Group who was an immediate family member of a Director or the Chairman and CEO whose remuneration exceeded S\$50,000 for FY2016.

CORPORATE GOVERNANCE REPORT

The Company has an employee share option scheme and a performance share plan known as the TalkMed Group Employee Share Option Scheme and Performance Share Plan (the “**Schemes**”), approved by members of the Company on 28 April 2016 and details of which can be found in the circular to shareholders dated 13 April 2016. No option or award has been granted under the Schemes by the Company since the commencement of the Schemes.

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 financial results on a quarterly basis. Through these reports, the Board aims to provide shareholders with a balanced and understandable assessment of the Group’s financial performance, position and prospects.

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

In line with continuous disclosure obligations of the Company and in accordance 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 or analysts’ briefings. The Company’s corporate information as well as annual reports are also available on the Company’s website.

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

Principle 11 – Risk Management and Internal Controls

The Board is overall responsible for the governance of risk with 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.

CORPORATE GOVERNANCE REPORT

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 the Group’s risk profile to the Board, evaluates results and counter-measures to mitigate potential risks so as to assure itself and the Board that the process is operating effectively as planned. The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units. The process identifies relevant potential risks across the Group’s operations with the aim to bring them to within acceptable cost and tolerance parameters.

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

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

The Board notes that no cost effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, the statutory audit conducted by the external auditors, and reviews performed by the Management, various Board Committees and the Board so far, the ARC and the Board are of the opinion that the Group’s internal control system is effective and adequate to address the financial, operational, compliance and information technology risks, based on the internal controls established and maintained by the Group and reports from the internal auditor and external auditor 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 FY2016 give a true and fair view of the Company’s operations and financials; and (b) an effective risk management and internal control systems have been put in place.

Principle 12 – Audit and Risk Committee (“ARC”)

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

- to review with the external auditors their audit plan, audit report, management letter and Management's response;
- to review the quarterly financial results announcement 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 internal and 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 (which has been outsourced to HLS);
- to review annually the scope and results of the audit and its cost-effectiveness as well as the independence and objectivity of the external auditors;
- to review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within its terms of reference. The ARC will lead in all queries as may be raised by the staff of the Group. The ARC will have full access to and co-operation from Management and full discretion to invite any Director or executive officer to attend its meetings. The ARC also has reasonable resources to enable it to discharge its functions properly;
- to report to the Board its findings from time to time on matters arising and requiring the attention of the ARC;
- to review Interested Person Transactions ("IPTs") falling within the scope of the Catalist Rules;
- to undertake such other reviews and projects as may be requested by the Board; and
- to consider the appointment/re-appointment of external auditors, the audit fee and matters relating to the resignation or dismissal of auditors.

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

The ARC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal controls, 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.

CORPORATE GOVERNANCE REPORT

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

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

The ARC also reviews the independence and objectivity of the external auditors and having reviewed the scope and value of non-audit services provided to the Group by the external auditors, Ernst & Young LLP ("EY"). The aggregate amount of audit and non-audit fees paid or payable to EY for FY2016 are as disclosed in Note 7 to the financial statements. The ARC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of EY. The ARC has recommended to the Board the nomination of EY for re-appointment as auditors of the Company at the forthcoming AGM. The Group has also complied with Rules 712 and 715(1) of the Catalist Rules of SGX-ST in relation to the appointment of its external auditors.

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

Whistle-Blowing Policy

In order to encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group, the Group has implemented a whistle-blowing policy. The policy will stipulate the mechanism by which concerns about plausible improprieties in matters of financial reporting may be raised. A dedicated secured 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. In the event where the ARC receives reports relating to serious offences, and/or criminal activities in the Group, the ARC and the Board shall have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government 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 auditors to perform internal audits function and will report their findings and make recommendations to the ARC.

CORPORATE GOVERNANCE REPORT

HLS carries out their internal audit works in accordance with the Standards for the Professional Practice of Internal Auditing that are set by the Institute of Internal Auditors. The ARC ensures that the Management provides good support to the internal auditors which include, 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 (which is undertaken by HLS) at least annually and has ensured that it is adequately resourced and has appropriate standing within the Company.

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

D. SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14 – Shareholders' Rights and Responsibilities

Principle 15 – Communication with Shareholders

Principle 16 – Conduct of Shareholders' Meetings

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

The Company believes in regular, effective and fair communication with members of the investment community and 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.

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 25 April 2017.

CORPORATE GOVERNANCE REPORT

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 licenses in providing nominee and custodial services and the 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.

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

The Company has adopted a dividend policy that it believes appropriately reflects its goals, strategy and risk profile while providing attractive long-term return to investors. The Board is recommending 2.283 Singapore cents per ordinary share for FY2016 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.

CORPORATE GOVERNANCE REPORT

DEALINGS IN SECURITIES

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

The Company has adopted an internal securities code of compliance to provide 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 FY2016, 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 date 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 FY2016.

INTERESTED PERSON TRANSACTIONS

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

Details of the Interested Person Transactions ("IPTs") for FY2016 as required pursuant to Rule 907 of the Catalist Rules of SGX-ST:

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
Dr Ang Peng Tiam	202	N.A.
P.T. Ang Medical Services Pte Ltd	873	N.A.
StemCord Pte. Ltd. ⁽¹⁾	494	N.A.

(1) Dr Ang is a Director and holds 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 FY2016.

CORPORATE GOVERNANCE REPORT

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' Statement and the Financial Statements, there were no other material contracts of the Company and its subsidiaries involving the interests of the CEO or any Director or controlling shareholder, either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

NON-SPONSOR FEES

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

In compliance with Rule 1204 (21) of the Catalist Rules, the amount of non-sponsor fees paid to the Company's Sponsor, Hong Leong Finance Limited, during FY2016 was \$10,500, for the review of the circular in respect of the Schemes and the submission of an additional listing application ("ALA") on behalf of the Company to SGX-ST for new share issue.

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 ⁽¹⁾	3,977
Overseas expansion/improving quality of medical services	6,920	6,920 ⁽²⁾	–
Total	17,301	13,324	3,977

Notes:

- (1) Investments in Stem Med Pte. Ltd. and Hong Kong Integrated Oncology Centre Holdings Limited ("HKH") of S\$1.80 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.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of TalkMed Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016.

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 2016 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, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

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

DIRECTORS' STATEMENT

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

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2017.

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 2016, there are no options on the unissued shares of the Company or any other body corporate which were outstanding.

Audit and Risk Committee

The Audit and Risk Committee ("ARC") performed the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance.

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
30 March 2017



INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TalkMed Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

Revenue – Consultancy Fees

As disclosed in Note 2.17(a) and Note 4 to the financial statements, the Group provides specialist doctors and clinical staff to Parkway Cancer Centre ("PCC"), a division of Parkway Hospitals Singapore Pte. Ltd., for the provision of specialist medical oncology services ("consultancy services"). 73% of the Group's revenue comprises consultancy services revenue derived from PCC.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

Key Audit Matters (cont'd)

Revenue – Consultancy Fees (cont'd)

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

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

Our audit procedures included, amongst others:

- evaluated the appropriateness of the Group's revenue recognition accounting policies;
- tested the effectiveness of the internal controls over revenue recognition process;
- recomputed the reasonableness of the consultancy fees based on the financial results of PCC;
- performed analytical procedures in respect of the consultancy services revenue; and
- considered the adequacy of the disclosures in respect of revenue in Note 2.17(a) and Note 4 to the financial statements.

Other information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

Responsibilities of Management and Directors for the Financial Statements (cont'd)

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
30 March 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group	
	Note	2016 S\$'000	2015 S\$'000
Revenue	4	68,913	65,716
Other items of income			
Interest income		733	439
Other income	5	175	104
Other items of expense			
Employee benefits expense	6	(16,859)	(15,134)
Operating lease expense		(1,506)	(1,238)
Other operating expenses		(2,336)	(1,512)
Share of results of associate		(3,632)	(2,888)
Profit before tax	7	45,488	45,487
Income tax expense	8	(8,607)	(8,315)
Profit for the year, representing total comprehensive income for the year		36,881	37,172
Attributable to:			
Owners of the Company		37,391	37,334
Non-controlling interests		(510)	(162)
Total comprehensive income for the year		36,881	37,172
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	9	5.69	5.68

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Assets					
Non-current assets					
Plant and equipment	10	511	523	–	–
Investment in subsidiaries	11	–	–	4,113	4,113
Investment in associate	12	5,004	8,636	11,524	11,524
Prepaid operating expenses		14	15	–	–
		5,529	9,174	15,637	15,637
Current assets					
Inventories		63	–	–	–
Prepaid operating expenses		178	103	16	16
Trade and other receivables	13	6,691	9,646	15,018	15,734
Cash and short-term deposits	14	63,996	49,562	7,741	7,540
		70,928	59,311	22,775	23,290
Total assets		76,457	68,485	38,412	38,927
Equity and liabilities					
Current liabilities					
Trade and other payables	15	1,735	1,513	3	–
Other liabilities	16	2,018	1,284	160	153
Income tax payable		8,571	8,303	19	–
		12,324	11,100	182	153
Net current assets		58,604	48,211	22,593	23,137
Non-current liabilities					
Other liabilities	16	28	31	–	–
Total liabilities		12,352	11,131	182	153
Net assets		64,105	57,354	38,230	38,774
Equity attributable to owners of the Company					
Share capital	17	22,273	22,273	22,273	22,273
Merger reserve	18	(2,311)	(2,311)	–	–
Retained earnings		43,615	36,354	15,957	16,501
		63,577	56,316	38,230	38,774
Non-controlling interests		528	1,038	–	–
Total equity		64,105	57,354	38,230	38,774
Total equity and liabilities		76,457	68,485	38,412	38,927

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 2016

	Attributable to owners of the Company				Total equity S\$'000
	Share capital (Note 17)	Retained earnings	Merger reserve (Note 18)	Non- controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	
Group					
Opening balance at 1 January 2016	22,273	36,354	(2,311)	1,038	57,354
Profit for the year, representing total comprehensive income for the year	–	37,391	–	(510)	36,881
<u>Contributions by and distributions to owners</u>					
Dividends on ordinary shares (Note 24)	–	(30,130)	–	–	(30,130)
Closing balance at 31 December 2016	22,273	43,615	(2,311)	528	64,105
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)
Capital contribution by non-controlling interests on incorporation of a subsidiary	–	–	–	1,200	1,200
Closing balance at 31 December 2015	22,273	36,354	(2,311)	1,038	57,354

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 2016

	Attributable to owners of the Company			
	Share capital	Retained earnings	Merger reserve	Total equity
	(Note 17) S\$'000	(Note 17) S\$'000	(Note 18) S\$'000	(Note 18) S\$'000
Company				
Opening balance at 1 January 2016	22,273	16,501	–	38,774
Profit for the year, representing total comprehensive income for the year	–	29,586	–	29,586
<u>Contributions by and distributions to owners</u>				
Dividends on ordinary shares (Note 24)	–	(30,130)	–	(30,130)
Closing balance at 31 December 2016	22,273	15,957	–	38,230
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	22,273	16,501	–	38,774

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group	
		2016 S\$'000	2015 S\$'000
Operating activities			
Profit before tax		45,488	45,487
<u>Adjustments for:</u>			
Depreciation of plant and equipment	10	266	174
Interest income		(733)	(439)
Share of results of associate		3,632	2,888
Total adjustments		3,165	2,623
Operating cash flows before changes in working capital		48,653	48,110
Changes in working capital			
Increase in inventories		(63)	–
Increase in prepaid operating expenses		(74)	(77)
Decrease/(increase) in trade and other receivables		3,064	(446)
Increase in trade and other payables		222	180
Increase in other liabilities		731	410
Total changes in working capital		3,880	67
Cash flows from operations		52,533	48,177
Interest received		624	376
Income tax paid		(8,339)	(8,070)
Net cash flows from operating activities		44,818	40,483
Investing activities			
Purchase of plant and equipment	10	(254)	(672)
Investment in an associate		–	(11,524)
Net cash flows used in investing activities		(254)	(12,196)
Financing activities			
Capital contribution by non-controlling interests on incorporation of a subsidiary		–	1,200
Dividends paid on ordinary shares	24	(30,130)	(30,820)
Net cash flows used in financing activities		(30,130)	(29,620)
Net increase/(decrease) in cash and cash equivalents		14,434	(1,333)
Cash and cash equivalents at 1 January		49,562	50,895
Cash and cash equivalents at 31 December	14	63,996	49,562

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 2016

1. CORPORATE INFORMATION

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

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

The principal activity of the Company is 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 (“FRSs”).

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

The financial statements are presented in Singapore Dollars (“SGD” or “S\$”) and all values are rounded to the nearest thousand (“S\$’000”) as indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

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 2016. 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 7: Disclosure Initiative	1 January 2017
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Improvements to FRSs (December 2016)	
– Amendments to FRS 112: Disclosure of Interests in Other Entities	1 January 2017
– Amendments to FRS 28: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018
Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 40: Transfers of Investment Property	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for FRS 116, 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 116 are described below.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

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

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

(b) *Business combinations*

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

Under this method, the Company has been treated as the holding company of SCC prior to the date of completion of the restructuring exercise in September 2013.

Pursuant to this,

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

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.

(b) *Consolidated financial statements*

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

2.7 *Plant and equipment*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.7 *Plant and equipment (cont'd)*

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

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

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

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

2.8 *Impairment of non-financial assets*

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

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

Impairment losses are recognised in profit or loss.

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

2.9 *Subsidiaries*

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.10 *Associates*

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

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

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

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

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

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

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

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

2.11 *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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.11 *Financial instruments (cont'd)*

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

Subsequent measurement

Loans and receivables

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

De-recognition

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

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.12 *Impairment of financial assets*

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

Financial assets carried at amortised cost

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

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

When the asset becomes uncollectible, the carrying amount of impaired financial 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 *Inventories*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.15 *Employee benefits*

Defined contribution plans

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

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, providing oncology services in Hanoi, Vietnam. Revenue from the provision of such consultancy services to TCH is recognised when the services are rendered and is computed in accordance with the terms and conditions of the profit sharing agreement.

(b) *Management fees*

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

(c) *Stem cell processing and culturing services*

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

(d) *Storage fees*

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.18 *Government grants*

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

2.19 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

2.19 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

(c) Sales tax

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

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

2.20 Share capital and share issue expenses

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

3.1 Judgements made in applying accounting policies

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

The carrying amount of the Group's investment in associate at reporting date is disclosed in Note 12 to the financial statements.

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

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.

4. REVENUE

	Group	
	2016	2015
	S\$'000	S\$'000
Consultancy services	50,949	49,704
Management fees	17,562	15,913
Stem cell processing, culturing and storage services	402	99
	68,913	65,716

5. OTHER INCOME

	Group	
	2016	2015
	S\$'000	S\$'000
Grant income from Wage Credit Scheme	78	52
Grant income from Temporary Employment Credit scheme	48	19
Others	22	22
Grant income from Capability Development Grant	17	–
Grant income from Special Employment Credit scheme	10	10
Productivity and Innovation Credit bonus	–	1
	175	104

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

6. EMPLOYEE BENEFITS EXPENSE

	Group	
	2016	2015
	S\$'000	S\$'000
Employee benefits expense (including directors):		
Salaries and bonuses	15,739	14,250
Central Provident Fund contributions	863	697
Other short-term benefits	257	187
	16,859	15,134

7. PROFIT BEFORE TAX

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

		Group	
	Note	2016	2015
		S\$'000	S\$'000
Audit fee:			
– Auditor of the Company		116	115
Non audit fee:			
– Auditor of the Company		17	26
Employee benefits expense	6	16,859	15,134
Depreciation of plant and equipment	10	266	174

8. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group	
	2016	2015
	S\$'000	S\$'000
Current income tax:		
– Current income taxation	8,590	8,303
– Under provision in respect of prior years	17	12
Income tax expense recognised in profit or loss	8,607	8,315

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8. INCOME TAX EXPENSE (CONT'D)

Relationship between tax expense and profit before tax

Reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 is as follows:

	Group	
	2016	2015
	S\$'000	S\$'000
Profit before tax	45,488	45,487
Tax at the domestic tax rate of 17%	7,733	7,733
Tax effect of:		
Non-deductible expenses	304	67
Income not subject to tax	(9)	–
Effect of partial tax exemption and tax relief	(128)	(74)
Deferred tax assets not recognised	45	94
Under provision in respect of prior years	17	12
Share of results of associate	618	491
Withholding tax	27	–
Others	–	(8)
Income tax expense recognised in profit or loss	8,607	8,315

Tax consequence of proposed dividends

There are no income tax consequence (2015: 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).

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	
	2016	2015
Profit for the year attributable to owners of the Company (S\$'000)	37,391	37,334
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share computation	657,143,000	657,143,000
Basic and diluted earnings per share (cents per share)	5.69	5.68

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 2016 and 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

10. PLANT AND EQUIPMENT

	Furniture and fittings S\$'000	Clinic equipment S\$'000	Office equipment S\$'000	Computers S\$'000	Reno- vations S\$'000	Laboratory equipment S\$'000	Total S\$'000
Group							
Cost							
At 1 January 2015	42	10	13	11	25	–	101
Additions	12	–	1	14	546	99	672
At 31 December 2015	54	10	14	25	571	99	773
Additions	20	–	1	7	105	121	254
At 31 December 2016	74	10	15	32	676	220	1,027
Accumulated depreciation							
At 1 January 2015	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
Depreciation charge for the year	8	–	–	7	194	57	266
At 31 December 2016	52	10	14	19	346	75	516
Net book value							
At 31 December 2015	10	–	–	13	419	81	523
At 31 December 2016	22	–	1	13	330	145	511

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	S\$'000	S\$'000
Equity shares, at cost	4,113	4,113

The Group has the following investment in subsidiaries:

Name	Country of incorporation	Principal activities (Principal place of activities)	Proportion of ownership interest	
			2016	2015
			%	%
Held by the Company:				
Singapore Cancer Centre Pte. Ltd. ⁱ ("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 (Singapore)	100	100
TalkMed Vietnam Pte. Ltd. ⁱ	Singapore	Provide specialised medical oncology services (Vietnam)	100	100
Stem Med Pte. Ltd. ⁱ	Singapore	Provide services related to the processing, culturing and storage of stem cells (Singapore)	60	60

ⁱ Audited by Ernst & Young LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

Name of subsidiary	Principal place of business	Proportion of ownership interests held by non-controlling interests	Loss allocated to NCI during the reporting period		Accumulated NCI at the end of reporting period		Dividends paid to NCI	
			2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Stem Med Pte. Ltd.	Singapore	40%	(510)	(162)	528	1,038	–	–

Summarised financial information about subsidiary with material NCI

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

Summarised statement of financial position

	Stem Med Pte. Ltd.	
	2016 S\$'000	2015 S\$'000
Current		
Assets	1,260	2,196
Liabilities	(436)	(108)
Net current assets	824	2,088
Non-current		
Assets	524	538
Liabilities	(28)	(31)
Net non-current assets	496	507
Net assets	1,320	2,595

Summarised statement of comprehensive income

	Stem Med Pte. Ltd.	
	2016 S\$'000	2015 S\$'000
Revenue	402	99
Loss before and after tax	(1,274)	(406)
Total comprehensive income	(1,274)	(406)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. INVESTMENT IN SUBSIDIARIES (CONT'D)

Other summarised information

	Stem Med Pte. Ltd.	
	2016	2015
	S\$'000	S\$'000
Net cash flows used in operations	824	208
Acquisition of plant and equipment	254	671

12. INVESTMENT IN ASSOCIATE

The Group's investment in associate is summarised below:

	Group		Company	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Hong Kong Integrated Oncology Centre Holdings Limited ("HKH")				
Cost of acquisition	11,524	11,524	11,524	11,524
Share of post-acquisition results	(6,520)	(2,888)	–	–
	5,004	8,636	11,524	11,524

The Group has the following investment in associate:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2016	2015
			%	%

Held by the Company:

Hong Kong Integrated Oncology Centre Holdings Limited ("HKH")	Cayman Islands	Investment holding company	30	30
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Held by HKH:

Hong Kong Integrated Oncology Centre Limited ("HKIOC")	Hong Kong	Provision of specialist oncology services	79	100
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Investment in associate was subjected to impairment test for the financial year ended 31 December 2016 in view of the losses from operations. The Group has reviewed its investment in associate for indicator of impairment and concluded that the associate is currently in its start-up phase and gestation period as it strives to build up its patient base. The Group is confident that the associate will turn profitable in the future and no impairment is necessary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

12. INVESTMENT IN ASSOCIATE (CONT'D)

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

Summarised statement of financial position

	Hong Kong Integrated Oncology Centre Holdings Limited	
	2016	2015
	S\$'000	S\$'000
Current assets	11,211	8,525
Non-current assets	24,635	22,757
Total assets	35,846	31,282
Current liabilities	11,175	3,736
Non-current liabilities	11,297	2,410
Total liabilities	22,472	6,146
Net assets	13,374	25,136
Non-controlling interests	149	–
	13,523	25,136
Proportion of the Group's ownership	30%	30%
Group's share of net assets	4,057	7,541
Goodwill on acquisition	1,026	1,004
Other adjustments	(79)	91
Carrying amount of the investment	5,004	8,636

Summarised statement of comprehensive income

	Hong Kong Integrated Oncology Centre Holdings Limited	
	2016	2015
	S\$'000	S\$'000
Revenue	22,147	4,229
Loss after tax	(11,850)	(14,181)
Total comprehensive income	(11,850)	(14,181)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
<i>Trade and other receivables (current):</i>				
Trade receivables	6,209	9,059	–	–
Amounts due from a subsidiary (non-trade)	–	–	–	55
Dividends receivable from a subsidiary	–	–	15,000	15,500
Refundable deposits	260	322	–	–
Interest receivables	216	107	18	22
Other receivables	6	158	–	157
Total trade and other receivables	6,691	9,646	15,018	15,734
Add: Cash and short-term deposits (Note 14)	63,996	49,562	7,741	7,540
Total loans and receivables	70,687	59,208	22,759	23,274

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\$200,000 (2015: S\$164,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2016 S\$'000	2015 S\$'000
Trade receivables past due but not impaired:		
1 to 30 days	40	7
31 to 90 days	38	17
More than 90 days	122	140
	200	164

There is no impairment loss on trade receivables for the financial years ended 31 December 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at banks and on hand	11,285	14,208	856	408
Short-term deposits	52,711	35,354	6,885	7,132
Cash and short-term deposits	63,996	49,562	7,741	7,540

Cash at banks 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 1.20% to 1.80% per annum.

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	80	16	–	–
GST payable	1,202	1,132	–	–
Rental deposits	316	277	–	–
Other payables	128	42	3	–
Amounts due to a director-related company (non-trade)	4	24	–	–
Amounts due to a director-related company (trade)	5	22	–	–
	1,735	1,513	3	–
Add: Accrued operating expenses (Note 16)	2,000	1,276	160	153
Less: GST payable	(1,202)	(1,132)	–	–
Total financial liabilities carried at amortised cost	2,533	1,657	163	153

Amounts due to a director-related company

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 2016

16. OTHER LIABILITIES

	Group		Company	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Current				
Accrued operating expenses	2,000	1,276	160	153
Deferred revenue	18	8	–	–
	2,018	1,284	160	153
Non-current				
Deferred revenue	28	31	–	–

17. SHARE CAPITAL

	Group and Company			
	2016		2015	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	657,143	22,273	657,143	22,273

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

18. MERGER RESERVE

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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	
	2016	2015
	S\$'000	S\$'000
Operating lease expense paid to a director and director-related companies	1,253	925
Service fees paid to director-related companies	130	80
Payment made on behalf by a director-related company	245	598

(b) Compensation of key management personnel

	Group	
	2016	2015
	S\$'000	S\$'000
Short-term employee benefits	5,801	5,791
Directors' fees	435	380
Central Provident Fund contributions	63	48
	6,299	6,219

Comprises amount paid to:

– Directors of the Company	5,458	5,452
– Directors of subsidiaries	572	508
– Other key personnel	269	259
	6,299	6,219

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 and 3 years. Certain leases have 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 2016 amounted to S\$1,506,000 (2015: S\$1,238,000).

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

	Group	
	2016 S\$'000	2015 S\$'000
Not later than one year	1,545	1,130
Later than one year but not later than five years	1,465	1,085
	3,010	2,215

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 exposures to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

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

Exposure to credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

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

Credit risk concentration profile

The Group has two (2015: two) major trade debtors. At the end of the reporting period, approximately 98% (2015: 99%) of the Group's trade receivables were due from these major trade debtors. The carrying amount of trade receivables is as disclosed in Note 13 to the financial statements.

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

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 to the financial statements.

(b) *Liquidity risk*

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

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

Analysis of financial instruments by remaining contractual maturities

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	
	2016 S\$'000	2015 S\$'000
One year or less		
<i>Financial assets</i>		
Trade and other receivables	6,691	9,646
Cash and short-term deposits	63,996	49,562
Total undiscounted financial assets	70,687	59,208
<i>Financial liabilities</i>		
Trade and other payables (net of GST payable)	533	381
Accrued operating expenses	2,000	1,276
Total undiscounted financial liabilities	2,533	1,657
Total net undiscounted financial assets	68,154	57,551

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

(b) Liquidity risk (cont'd)

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

	Company	
	2016	2015
	S\$'000	S\$'000
One year or less		
Financial assets		
Trade and other receivables	15,018	15,734
Cash and short-term deposits	7,741	7,540
Total undiscounted financial assets	22,759	23,274
Financial liabilities		
Trade and other payables	3	—
Accrued operating expenses	160	153
Total undiscounted financial liabilities	163	153
Total net undiscounted financial assets	22,596	23,121

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 2016 and 31 December 2015.

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 mainly to Parkway Cancer Centre, a division of Parkway Hospitals Singapore Pte. Ltd..

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23. SEGMENT INFORMATION (CONT'D)

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23. SEGMENT INFORMATION (CONT'D)

	Oncology services S\$'000	Stem cell services S\$'000	Per consolidated financial statements S\$'000
Group			
2015			
Revenue			
External customers, representing total revenue	65,617	99	65,716
Results:			
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
Assets:			
Investment in associate	8,636	–	8,636
Segment assets	57,115	2,734	59,849
Total assets	65,751	2,734	68,485
Liabilities			
Segment liabilities	10,992	139	11,131

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	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Group				
Singapore	68,511	65,385	525	538
Vietnam	402	331	–	–
	68,913	65,716	525	538

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

Information about a major customer

Revenue from one major customer amounted to S\$68,118,000 (2015: S\$65,227,000), arising from the provision of oncology and stem cells services to Parkway Cancer Centre, a division of Parkway Hospitals Singapore Pte. Ltd..

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

24. DIVIDENDS

	Group and Company	
	2016	2015
	S\$'000	S\$'000
Declared and paid during the financial year:		
<i>Dividends on ordinary shares:</i>		
– Final exempt (one-tier) dividend for 2015: 2.305 cents (2014: 2.430 cents) per share	15,147	15,969
– First interim exempt (one-tier) dividend for 2016: 2.280 cents (2015: 2.260 cents) per share	14,983	14,851
	30,130	30,820
Proposed dividends to the Company's shareholders but not recognised as a liability as at 31 December:		
– Final exempt (one-tier) dividend for 2016: 2.283 cents (2015: 2.305 cents) per share	15,003	15,147

25. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 22 February 2017, the Company proposed a bonus issue of new ordinary shares in the capital of the Company on the basis of one bonus share for each existing ordinary share held by shareholders of the Company. The sponsor of the Company, Hong Leong Finance Limited, has submitted an additional listing application for the proposed bonus issue to Singapore Exchange Securities Trading Limited ("SGX-ST") on behalf of the Company. Subject to the approval of SGX-ST, the proposed bonus shares will be issued pursuant to the general mandate obtained from the shareholders of TalkMed Group Limited at its Annual General Meeting on 28 April 2016.

On 1 March 2017, the Company's subsidiary, Stem Med Pte. Ltd. ("SM") incorporated a subsidiary, Stem Med Indonesia Pte. Ltd. ("SMI") with an initial paid-up capital of S\$100. SM holds 90 ordinary shares or 90% of the equity interest in SMI.

26. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of directors on 30 March 2017.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2017

ISSUED AND FULLY PAID UP CAPITAL	:	S\$22,272,984
NO. OF SHARES ISSUED	:	657,143,000
NO. OF SHARES ISSUED (excluding Treasury Shares and Subsidiary Holdings ⁽¹⁾)	:	657,143,000
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS (excluding Treasury Shares and Subsidiary Holdings ⁽¹⁾)	:	1 VOTE PER SHARE
TREASURY SHARES	:	0
PERCENTAGE OF TREASURY SHARES AND SUBSIDIARY HOLDINGS ⁽¹⁾	:	0.00% ⁽²⁾
NUMBER OF SUBSIDIARY HOLDINGS ⁽¹⁾	:	0

Notes:

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

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

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	NIL	NIL	NIL	NIL
100 – 1,000	64	10.29	45,500	0.01
1001 – 10,000	307	49.36	1,675,400	0.26
10,001 – 1,000,000	239	38.42	24,411,700	3.71
1,000,001 & above	12	1.93	631,010,400	96.02
TOTAL	622	100.00	657,143,000	100.00

TOP TWENTY SHAREHOLDERS AS AT 15 MARCH 2017	NO. OF SHARES	%
CITIBANK NOMINEES SINGAPORE PTE LTD	277,738,700	42.26
LADYHILL HOLDINGS PTE. LTD.	171,782,400	26.14
DR KHOO KEI SIONG	49,680,000	7.56
UOB KAY HIAN PTE LTD	35,524,900	5.41
DR TEO CHENG PENG	29,476,800	4.49
DR LIM HONG LIANG	23,736,000	3.61
RAFFLES NOMINEES (PTE) LTD	22,076,700	3.36
QAP CAPITAL PTE LTD (IN MEMBER'S VOLUNTARY LIQUIDATION)	13,030,000	1.98
DBS NOMINEES PTE LTD	2,767,900	0.42
LIM BEE KOK	2,103,000	0.32
SEE HUI TI	2,084,000	0.32
LAI JASON JUSTIN	1,010,000	0.15
CHANDRA DAS NARESHKUMAR	1,000,000	0.15
CIMB SECURITIES (SINGAPORE) PTE LTD	949,700	0.15
MAYBANK KIM ENG SECURITIES PTE LTD	941,800	0.15
IDA MUSTIKA TJOKROSETIO	884,000	0.14
CHAN JIN HOE	800,000	0.12
THNG YONGXIAN (TANG YONGXIAN)	788,500	0.12
NG LIN CHIEH KELVIN	750,000	0.11
TAN FAN HAO MATTHEW	750,000	0.11
	637,874,400	97.07

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2017

SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST		TOTAL	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
LADYHILL HOLDINGS PTE. LTD. ⁽¹⁾	171,782,400	26.14	257,673,600	39.21	429,456,000	65.35
DR KHOO KEI SIONG	49,680,000	7.56	NIL	NIL	49,680,000	7.56
DR TEO CHENG PENG ⁽²⁾	29,476,800	4.49	19,651,200	2.99	49,128,000	7.48
DR ANG PENG TIAM ⁽³⁾	NIL	NIL	429,456,000	65.35	429,456,000	65.35
MDM CHUA SIOK LIN ⁽³⁾	NIL	NIL	429,456,000	65.35	429,456,000	65.35

Note:

- (1) Ladyhill Holdings Pte. Ltd. is deemed interested in the 257,673,600 shares of the Company held through Citibank Nominees Singapore Pte. Ltd..
- (2) Dr Teo Cheng Peng is deemed interested in the 19,651,200 shares of the Company held through Citibank Nominees Singapore Pte. Ltd..
- (3) Dr Ang Peng Tiam and Mdm Chua Siok Lin are spouses. Dr Ang Peng Tiam and Mdm Chua Siok Lin are deemed to be interested in the ordinary shares held by Ladyhill Holdings Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50 of Singapore.

SHAREHOLDING HELD IN PUBLIC HANDS

As at 15 March 2017, 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 FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth annual general meeting (“**AGM**”) of TalkMed Group Limited will be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on Tuesday, 25 April 2017 at 6:00 p.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2016 together with the Auditor’s Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax-exempt dividend of 2.283 Singapore cents per ordinary share in respect of the financial year ended 31 December 2016. **(Resolution 2)**
3. To approve Directors’ fees of S\$380,000 for the financial year ending 31 December 2017 to be paid quarterly in arrears. (2016: S\$380,000) **(Resolution 3)**
4. To re-elect the following Directors who retire by rotation pursuant to Article 91 of the Company’s Constitution:

Dr Ang Peng Tiam
[Please see Explanatory Note (i)] **(Resolution 4)**

Dr Khoo Kei Siong
[Please see Explanatory Note (ii)] **(Resolution 5)**

Mr Lim Jen Howe
[Please see Explanatory Note (iii)] **(Resolution 6)**
5. 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)**
6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

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

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

NOTICE OF FOURTH ANNUAL GENERAL MEETING

That pursuant to Section 161 of the Companies Act 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 and subsidiary holdings, 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 and subsidiary holdings) 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 and subsidiary holdings) 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 FOURTH 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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
[Please see Explanatory Note (iv)]

(Resolution 8)

BY ORDER OF THE BOARD

LIM HENG CHONG BENNY
CHIN SU XIAN
Joint Company Secretaries

Singapore, 10 April 2017

Explanatory Notes:

- (i) Key information on Dr Ang Peng Tiam, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 4, is found on page 6 of the Annual Report. Dr Ang Peng Tiam will, upon the re-election as Director of the Company, remain as a member of the Nominating Committee of the Company. Details of the share interests of Dr Ang Peng Tiam in the Company can be found on page 30 of the Annual Report. Dr Ang Peng Tiam is the Chief Executive Officer of the Group.
- (ii) Key information on Dr Khoo Kei Siong, who is seeking re-appointment as a Director of the Company under Ordinary Resolution 5, is found on page 7 of the Annual Report. Details of the share interests of Dr Khoo Kei Siong in the Company can be found on page 30 of the Annual Report. Dr Khoo Kei Siong is the Chief Operating Officer of the Group.
- (iii) Key information on Mr Lim Jen Howe, 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 Lim Jen Howe will, upon the re-election as Director of the Company, remain as a member of the Audit and Risk Committee of the Company. There are no relationships (including immediate family relationships) between Mr Lim Jen Howe and the other Directors, the Company or its 10% shareholders.
- (iv) Ordinary Resolution 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, hundred per cent. (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) 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.

NOTICE OF FOURTH ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 101 Thomson Road, #09-02 United Square, Singapore 307591 not less than forty-eight (48) hours before the time appointed for holding the AGM.
4. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the 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 authorized representatives or proxies to vote on its behalf.
6. This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this notice.

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

The contact person for the Sponsor is:

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

Telephone: (65) 6415-9886

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



NOTICE OF FOURTH ANNUAL GENERAL MEETING

Personal Data Privacy:

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

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Notes:

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

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

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

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 April 2017.

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 Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to vote should contact their CPF Approved Nominees.

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

of _____ (Address)

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

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held at Alumni Association, The Alumni Medical Centre, 2 College Road, Singapore 169850 on Tuesday, 25 April 2017 at 6:00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

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

No.	Resolutions relating to:	For	Against
1.	Adoption of Directors' Statement and Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2016 together with the Auditor's Report thereon		
2.	Approval of final one-tier tax-exempt dividend of 2.283 Singapore cents per ordinary share in respect of the financial year ended 31 December 2016		
3.	Approval of Directors' fees of S\$380,000 for the financial year ending 31 December 2017 to be paid quarterly in arrears		
4.	Re-election of Dr Ang Peng Tiam as a Director of the Company pursuant to Article 91 of the Company's Constitution		
5.	Re-election of Dr Khoo Kei Siong as a Director of the Company pursuant to Article 91 of the Company's Constitution		
6.	Re-election of Mr Lim Jen Howe 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 _____, 2017

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