



Caring as **One**

**RafflesMedicalGroup**  
Annual Report 2012



## Vision

We aspire to be your lifetime healthcare partner.

## Core Values

### Compassion

We put you and your well being at the centre of all that we do, treating all with respect, compassion and dignity.

### Commitment

We will uphold your trust by maintaining the highest professional integrity and standards.

## Excellence

We will continually seek advancement and innovation to achieve better healthcare.

## Value

We seek always to create value for you.

## Team-based care

We dedicate and combine our skills, knowledge and experience for your benefit.

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A photograph showing two men shaking hands in a hospital lobby. The man on the left is wearing a red polo shirt, blue jeans, and brown shoes, with a black backpack. The man on the right is wearing a white dress shirt, a dark tie, and dark trousers. In the background, a large sign reads "RafflesHospital" in green and grey. To the left of the men is a black grand piano on a circular rug. The floor is polished and reflective.

# RafflesHospital

## Caring as **One**

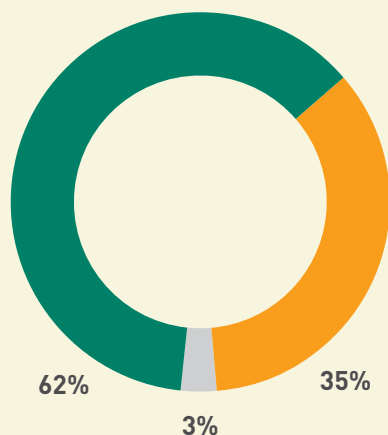
For more than 36 years, Raffles Medical Group has devoted itself to being the lifetime healthcare partner to its patients and clients. As a leading private healthcare provider in Singapore and the region, the Raffles' brand name is trusted and synonymous with excellence.

United in one cause, Raffles integrates the diverse strengths, expertise and professionalism of its team of dedicated and compassionate doctors, nurses and allied health professionals to care as one.

*Cover: Raffles Medical Group's team of dedicated healthcare professionals  
(From left to right): Dental Surgeon Dr Lee Leing, Deputy Manager for Inpatient Sadiah Bte Mohd Yusof, Staff Nurse Jiang Ping, Chief Radiographer Santhosh Kumar Radhakrishnan Nair and Medical Director Dr Yang Ching Yu.*

*Content Page: (From left to right) Concierge Supervisor Mohd Senin Bin Hombri and Staff Nurse Michelle Poon, accompanying a patient out of the hospital as Deputy Physician Leader Dr Tan Joo Peng (far right) exchanges well wishes with the patient's family member.*

## Financial Highlights



### Revenue Contribution by Segment

**62%**

Hospital  
Services

**35%**

Healthcare  
Services

**3%**

Investment

### 2012 Performance at a Glance

#### Group Revenue

↑ **14.2%**

Group achieved 14.2% growth in revenue to S\$311.6 million

#### Healthcare Services Division

↑ **11.4%**

Revenue from Healthcare Services Division grew 11.4% to S\$117.2 million

#### Profit After Tax

↑ **13.0%**

Profit after tax grew 13.0% to S\$57.2 million

#### Hospital Services Division

↑ **16.1%**

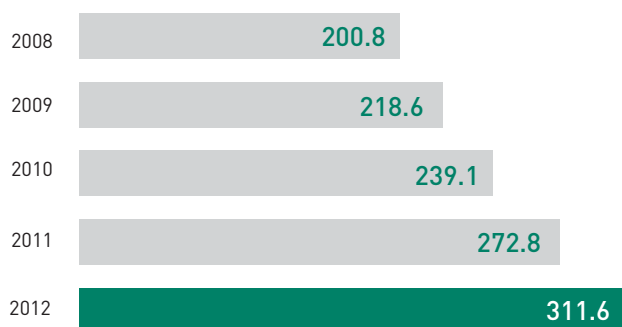
Revenue from Hospital Services Division grew 16.1% to S\$205.8 million

#### Operating Profit

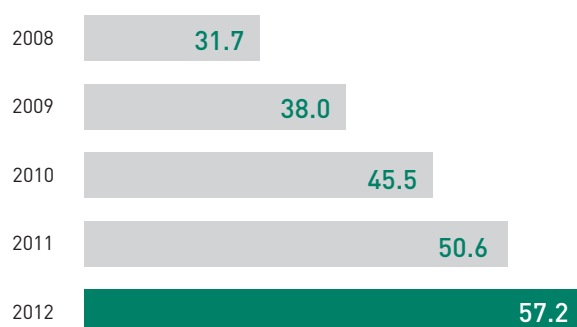
↑ **11.5%**

Operating profit grew by 11.5% to S\$66.4 million

## Group Revenue (S\$'m)



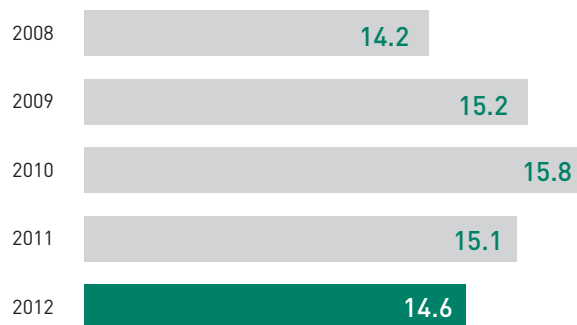
## Group Profit After Tax (S\$'m)



## Earnings Per Share (cents)



## Return On Equity (%)



## Financial Summary

|  | 2008<br>\$'000 | 2009<br>\$'000 | 2010<br>\$'000 | 2011<br>\$'000 | 2012<br>\$'000 |
|--|----------------|----------------|----------------|----------------|----------------|
| Revenue  | 200,769        | 218,610        | 239,123        | 272,783        | 311,633        |
| Earnings Before Interest, Taxes,<br>Depreciation and Amortisation (EBITDA) | 45,385         | 52,220         | 59,955         | 66,750         | 74,258         |
| Operating Profit   | 38,715         | 45,277         | 52,969         | 59,510         | 66,355         |
| Profit Before Tax  | 38,350         | 45,047         | 53,096         | 59,440         | 66,585         |
| Profit After Tax   | 31,660         | 38,033         | 45,482         | 50,621         | 57,209         |
| Diluted Earnings per Share (cents)   | 6.02           | 7.22           | 8.51           | 9.36           | 10.42          |
| Net Asset Value per Share (cents)  | 42.87          | 48.04          | 54.46          | 62.51          | 71.29          |
| Return on Equity (%)   | 14.2           | 15.2           | 15.8           | 15.1           | 14.6           |





*"We continue to pledge our collective and personal commitment to deliver compassionate care and services to each and every one of our patients."*

**DR LOO CHOON YONG**

*Executive Chairman and Co-Founder*

# Chairman's Message

## Dear Shareholders

*2012 was another good year for the Group. We achieved another record revenue of \$311.6 million, a growth of 14.2% over the previous year. We also reported a record profit after tax of \$57.2 million, a 13.0% growth. All divisions of the Group contributed to this excellent performance.*

### Singapore operations

We continue to grow strongly in Singapore in terms of revenue and patient growth at Raffles Medical Clinics and Raffles Hospital. Our leading position amongst employers have been recognised again when we won the prestigious "Preferred Employee Healthcare Provider" award. In the Reader's Digest Most Trusted Brands survey in eight countries in Asia, we won Gold Award in the private hospital category.

In the year, the healthcare industry saw double digit wage increases for healthcare workers. The Group has weathered these changes well, even though we brought forward the incremental date for staff by two months. The restrictions on foreign worker and increased foreign workers levy announced in Budget 2013 will continue to challenge us. Management has taken the necessary steps to increase the productivity of our staff wherever possible and to reduce our reliance on foreign workers.

Plans for the Raffles Hospital extension are being finalised and will be submitted to the authorities in due course. Construction is expected to begin in 2013. The extension will enable the Hospital to continue its growth and expansion.

### Growth in the region

Raffles Medical, Hong Kong is growing steadily and gaining traction with more Hong Kong corporate clients. The Group will continue to pursue healthcare opportunities to meet the growing needs of the community for good quality family medicine, specialist and hospital services.

Raffles Medical, Shanghai has grown steadily and is well received by the expatriates working and living in Shanghai as well as the affluent local Chinese population.

The Group is continuing to explore opportunities for more medical centres and hospital development in the gateway cities of the People's Republic of China.

### Corporate social responsibility

The Raffles Medical Scholarship programme was launched in the year. To-date five scholarships have been awarded and the first batch of Raffles Medical Scholars will return to serve the Group in 2016. We will continue awarding five to ten scholarships each year for the next four years.

Asian Medical Foundation (AMF) adopted Rochore Kongsu for the aged, a Voluntary Welfare Organisation (VWO) providing shelter for destitute elderly residents since March 2009. The Group organised volunteer doctors to visit the residents of this home once a month to provide them with free medical consultations and advice. AMF sponsors the cost of outpatient medication, lab tests and X-rays requested by the doctors.

### Appreciation

We are grateful for the trust bestowed on us by our patients, corporate clients and our many partners. We continue to pledge our collective and personal commitment to deliver compassionate care and services to each and every one of our patients. In this endeavour, we recognise the contributions of every staff – physicians, nurses, managers and healthcare personnel. We also appreciate the guidance of our Board of Directors.

We record our special thanks to Mr Tan Soo Nan who served the Group with distinction as the Chairman of Audit Committee for the past 12 years. He will relinquish his Chairmanship after the coming Annual General Meeting and will remain as a member of the Audit Committee. Mr Kee Teck Koon will succeed Mr Tan Soo Nan as the Chairman of the Audit Committee. We are also grateful to Associate Professor Wee Beng Geok for serving as a member on the Audit Committee for the past 12 years.



**DR LOO CHOON YONG**

*Executive Chairman and Co-Founder*



*Raffles' Group Practice Model remains the key anchor of the organisation and ensures that patients will have access to all levels of care.*

*In this photo (from left to right): Senior Staff Nurse Cynthia Ko, General Surgeon Dr Wong Kutt Sing, Assistant Manager of Corporate Development Neo Tuan Ling, Senior Family Physician Dr Siew Wai Leen and Radiographer Rajeev Parameswaran.*







## One Team to Serve

For more than 36 years, the Raffles family of doctors, nurses and allied health professionals have been working together as one seamless unit, harnessing our collaborative experience to serve our patients with the highest level of commitment, professionalism and quality. Simply put, our best.

## Board of Directors



(From Left to Right):  
Mr Tan Soo Nan, Mr Kee  
Teck Koon, Mr Olivier  
Lim, Dr Loo Choon  
Yong, Professor Lim  
Pin, Mr Koh Poh Tiong,  
Associate Professor  
Wee Beng Geok

### DR LOO CHOON YONG

*Executive Chairman and Co-Founder*

Dr Loo Choon Yong is the Executive Chairman of Raffles Medical Group Ltd. He co-founded the Raffles Medical Group in 1976 and was appointed to his current position in 1997 when the Group was listed on the Singapore Stock Exchange. Dr Loo is also an independent director of CapitaMalls Asia Limited. He is a member of the Board of Trustees of Singapore Management University (SMU) and the Chairman of the Asian Medical Foundation Ltd.

In the area of public service, Dr Loo was appointed by the President of Singapore since March 2006, as the Non-Resident Ambassador to the Italian Republic. He was also appointed Chairman of JTC Corporation, Singapore's leading industrial infrastructure specialist spearheading the planning, promotion and development of a dynamic industrial landscape from January 2013. He is the immediate past Chairman of Sentosa Development Corporation and Sentosa Golf Club, a position he held from March 2007 to December 2012.

Dr Loo was a Nominated Member of Parliament from January 2005 to May 2006 and again from January 2007 to June 2009. He was the former Deputy Chairman of the Action Committee for Entrepreneurship

(ACE), a public-private collaboration to promote entrepreneurship in Singapore. He also served as a member of the Government Economic Review Committee (ERC) from December 2001 to February 2003 and Chairman of the ERC's Healthcare Services Working Group (HSWG).

In the area of social service, Dr Loo had been active in the fight against drug abuse for more than 20 years. He was the former Chairman of National Council Against Drug Abuse (NCADA) and President of Singapore Anti-Narcotic Association (SANA).

Besides his medical training, Dr Loo also read Law at the University of London and is a barrister of Middle Temple.

Dr Loo was awarded the Singapore National Day Awards Public Service Medal (2003) and Public Service Star (2009) and the Distinguished Service Award (2005) from the Ministry of Home Affairs for his contributions to Singapore's fight against drug abuse.

Dr Loo was conferred the CEO of the Year award in May 2010 at the Singapore Corporate Awards organised by The Business Times and supported by Singapore Stock Exchange.

### MR TAN SOO NAN

*Chairman of Audit Committee / Independent Director*

Mr Tan Soo Nan is the Chief Executive Officer of Singapore Pools (Private) Limited, a wholly owned subsidiary of Singapore Totalisator Board. Mr Tan is also concurrently the Chief Executive of Singapore Totalisator Board. He is a trustee of the Singapore Totalisator Board SCO Trust and Sporting Singapore Fund Board of Trustees. He is a member of the Singapore National Olympic Council Executive Committee and Vice President of the Football Association of Singapore.

He is the Chairman of the Asia-Pacific Lottery Association (APLA) and a member of the Executive Committee of APLA and World Lottery Association. Mr Tan also serves on the board of private and public listed companies including Singapore Mercantile Exchange Pte Ltd and OSIM International Ltd. Mr Tan was formerly the Chief Executive Officer of Temasek Capital (Private) Limited and Senior Managing Director of DBS Bank and had over 29 years of experience in the banking industry.

He joined the Board on 28 July 2000.

## ASSOCIATE PROFESSOR WEE BENG GEOK

*Chairman of Nomination & Compensation Committee / Independent Director*

Dr Wee Beng Geok is Associate Professor of strategy, management and organisation at the Nanyang Business School, Nanyang Technological University (NTU). She is also the Director of the Asian Business Case Centre at the University. She holds a PhD in Management Systems and Sciences from the University of Hull; a Master in Business Administration from Cranfield Institute of Technology, and a Bachelor of Business Administration from the University of Singapore.

She has worked both in the corporate sector and academia and held management positions in various companies.

She joined the Board on 27 November 2000.

## PROFESSOR LIM PIN

*Independent Director*

Professor Lim Pin is Professor of Medicine at National University of Singapore (NUS) and Senior Consultant Endocrinologist at the National University Hospital. He was the former Vice Chancellor of NUS from 1981 to 2000, and is accorded the highest academic title of 'NUS University Professor' in recognition of his work and achievements.

Professor Lim chairs the National Wages Council, Singapore Millennium Foundation, Special Needs Trust Company, Tropical Marine Science Institute Management Board and is Adviser to the Bioethics Advisory Committee. He co-chairs several joint committees with overseas institutes to establish research centres in the Campus for Research Excellence and Technological Enterprise (CREATE) in Singapore.

He joined the Board on 19 February 2001.

## MR OLIVIER LIM TSE GHOW

*Independent Director*

Mr Olivier Lim is the Group Deputy Chief Executive Officer of CapitaLand Limited. He is concurrently the Non-executive Chairman of Australand Holdings Limited, and a Non-executive Director of CapitaMalls Asia Limited and Neptune Orient Lines Limited. Mr Lim also serves as a board member of Sentosa Development Corporation, and as the Non-executive Chairman of its subsidiary, Mount Faber Leisure Group Pte Ltd.

Mr Lim's prior positions in CapitaLand were as Group Chief Investment Officer until 2 January 2013, Head of Strategic Corporate Development until 5 February 2012, and Group Chief Financial Officer for six years until 2011. Prior to joining CapitaLand Limited in 2003, he was Director and Head of the Real Estate Unit, Corporate Banking in Citibank Singapore.

Mr Lim was awarded Best Investor Relations by a CFO by IR Magazine for South East Asia for 2009, 2010 and 2011, and Pan-Asia for 2011. He was named CFO of the Year by The Asset magazine in its 2010 Asian Awards. He was also named CFO of the Year in 2007 (for firms with market value of S\$500 million or more) in The Business Times' Singapore Corporate Awards. Mr Lim holds a First Class Honours degree in Civil Engineering from Imperial College, London.

He joined the Board on 1 October 2009.

## MR KOH POH TIONG

*Independent Director*

Mr Koh Poh Tiong is currently the Chairman and Senior Advisor of Ezra Holdings Limited. Mr Koh retired as CEO of Fraser & Neave Limited (Food & Beverage Division) in October 2011 having previously served as Chief Executive Officer of Asia Pacific Breweries Limited from 1993 to 2008.

He continues to serve as a Director at The Great Eastern Life Assurance Company Limited, PSA International Pte Ltd and PSA Corporation Limited, SATS Ltd, United Engineers Limited and Petra Foods Limited. Mr Koh is currently the Chairman of National Kidney Foundation and Council Chairman of The Singapore Kindness Movement. In addition, Mr Koh was also the Chairman of the Agri-Food & Veterinary Authority and Director at Wildlife Reserves Singapore Pte Ltd, Jurong Bird Park Pte Ltd and Media Corporation of Singapore Pte Ltd.

Mr Koh is noted for his strong civic involvement and his long-standing interest in sports and education. He has served on the Singapore Youth Olympic Games Organising Committee, the Singapore Sports Council and the Football Association of Singapore, as well as on the MBA Advisory Board of the Nanyang Technological University. For his contributions to society and business,

Mr Koh was conferred both the Public Service Medal and the Service to Education Medal in 2007. He was also named Outstanding Chief Executive of the Year at the Singapore Business Awards 1998 by DHL and The Business Times.

He joined the Board on 3 October 2011.

## MR KEE TECK KOON

*Independent Director*

Mr Kee is currently a Non-executive Chairman of CapitaCommercial Trust Management Ltd, Changi Airports International Pte Ltd, NTUC First Campus Co-Operative Ltd and Lien AID Ltd. He also holds directorship positions in NTUC Enterprise Co-operative Ltd, NTUC LearningHub Pte Ltd and Alexandra Health Endowment Fund.

Prior to Mr Kee's retirement as the Chief Investment Officer of CapitaLand Limited (CapitaLand) on 1 July 2009, Mr Kee held several senior appointments within the CapitaLand Group and was responsible for overseeing the CapitaLand Group's financial advisory services, commercial real estate and retail real estate businesses. Mr Kee holds a Degree of Master of Arts and a Degree of Bachelor of Arts from University of Oxford.

He joined the Board on 3 January 2012.



## Further Information on Board of Directors

Information as at 31 December 2012

### DR LOO CHOON YONG, 63 *Non-independent Executive Director*

| Academic and Professional Qualifications:   |  | Board Committee(s) Served On:  |
|---|--|--|
| <ul style="list-style-type: none"> <li>• Bachelor of Medicine and Bachelor of Surgery, University of Singapore</li> <li>• Diplomate Member, The College of General Practitioners, Singapore</li> <li>• Diploma in Cardiac Medicine, University of London</li> <li>• Bachelor of Laws (Honours), University of London</li> <li>• Barrister, Middle Temple</li> </ul> |  | <ul style="list-style-type: none"> <li>• Nomination &amp; Compensation Committee (<i>Member</i>)</li> <li>• Audit Committee (<i>Member</i>)</li> </ul> |
| Current Directorships in Listed Companies   | Other Major Appointments   | Directorships in Other Listed Companies Held Over the Preceding Three Years  |
| 1. Raffles Medical Group Ltd<br><i>(Executive Chairman / Non-independent Director)</i><br>2. CapitaMalls Asia Ltd<br><i>(Director)</i>  | 1. Ministry of Foreign Affairs<br><i>(Non-Resident Ambassador to the Italian Republic)</i><br>2. Sentosa Development Corporation ( <i>Chairman</i> )<br>3. JTC Corporation ( <i>Deputy Chairman</i> )<br>4. Singapore Management University ( <i>Member, Board of Trustees and Chairman, Campus Development Advisory Committee</i> ) | <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |

### MR TAN SOO NAN, 64 *Independent Director*

| Academic and Professional Qualifications:   |  | Board Committee(s) Served On:   |
|---|--|---|
| <ul style="list-style-type: none"> <li>• Bachelor of Business Administration (Honours) (Singapore)</li> <li>• Associate of The Chartered Institute of Bankers</li> <li>• Program for Management Development, Harvard Business School</li> </ul> |  | <ul style="list-style-type: none"> <li>• Audit Committee (<i>Chairman</i>)</li> </ul> |
| Current Directorships in Listed Companies   | Other Major Appointments   | Directorships in Other Listed Companies Held Over the Preceding Three Years           |
| 1. Raffles Medical Group Ltd<br><i>(Non-executive / Independent Director)</i><br>2. OSIM International Ltd<br><i>(Director)</i>   | 1. Singapore Totalisator Board ( <i>Chief Executive</i> )<br>2. Singapore Pools (Private) Limited<br><i>(Chief Executive Officer / Board Member)</i><br>3. Raffles Health Insurance Pte Ltd ( <i>Director</i> )<br>4. Singapore Mercantile Exchange Pte Ltd ( <i>Director</i> )<br>5. Caring Fleet Services Limited ( <i>Director</i> )<br>6. Woh Hup Trust ( <i>Director</i> )<br>7. Asia-Pacific Lottery Association<br><i>(Chairman / Executive Committee Member)</i><br>8. World Lottery Association ( <i>Executive Committee Member</i> )<br>9. Football Association of Singapore Council ( <i>Vice President</i> ) | <ul style="list-style-type: none"> <li>• Nil</li> </ul>                               |

### ASSOCIATE PROFESSOR WEE BENG GEOK, 64 *Independent Director*

| Academic and Professional Qualifications:   |   | Board Committee(s) Served On:  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• PhD in Management Systems &amp; Sciences (Hull)</li> <li>• MBA (Cranfield Institute of Technology)</li> <li>• Bachelor of Business Administration (Singapore)</li> </ul> |   | <ul style="list-style-type: none"> <li>• Nomination &amp; Compensation Committee (<i>Chairman</i>)</li> <li>• Audit Committee (<i>Member</i>)</li> </ul> |
| Current Directorships in Listed Companies   | Other Major Appointments  | Directorships in Other Listed Companies Held Over the Preceding Three Years  |
| 1. Raffles Medical Group Ltd<br><i>(Non-executive / Independent Director)</i>   | 1. Asian Business Case Centre at Nanyang Business School,<br>Nanyang Technological University ( <i>Director</i> ) | <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |

**PROFESSOR LIM PIN, 76** *Independent Director*

| Academic and Professional Qualifications:  |  | Board Committee(s) Served On:  |
|--|--|--|
| <ul style="list-style-type: none"> <li>• MBBChir (Cambridge), MA (Cambridge),</li> <li>• MD (Cambridge), FAM, FRCP (London), FRACP, FRCPE, FACP</li> </ul> |  | <ul style="list-style-type: none"> <li>• Nomination &amp; Compensation Committee (<i>Member</i>)</li> </ul>                        |
| Current Directorships in Listed Companies  | Other Major Appointments   | Directorships in Other Listed Companies Held Over the Preceding Three Years  |
| 1. Raffles Medical Group Ltd<br>( <i>Non-executive / Independent Director</i> )  | 1. National University of Singapore ( <i>Professor of Medicine</i> )<br>2. National University Hospital ( <i>Senior Consultant Endocrinologist</i> )<br>3. Singapore Millennium Foundation Ltd ( <i>Chairman</i> )<br>4. Special Needs Trust Company Limited ( <i>Chairman</i> )<br>5. Singapore-MIT Alliance for Research and Technology (SMART) ( <i>Co-chairman</i> )<br>6. Ang Mo Kio Community Hospital Board of Trustees ( <i>Chairman</i> )<br>7. ETH Singapore SEC Ltd ( <i>Co-chairman</i> )<br>8. TUM CREATE Ltd ( <i>Co-chairman</i> )<br>9. Berkeley Education Alliance for Research in Singapore (BEARS) ( <i>Co-chairman</i> ) | <ul style="list-style-type: none"> <li>• United Overseas Bank Limited<br/>(<i>Non-executive / Independent Director</i>)</li> </ul> |

**MR OLIVIER LIM TSE GHOW, 48** *Independent Director*

| Academic and Professional Qualifications:   |   | Board Committee(s) Served On:   |
|---|---|---|
| <ul style="list-style-type: none"> <li>• Bachelor of Engineering (Civil) (First Class Honours), Imperial College, London</li> </ul>   |   | <ul style="list-style-type: none"> <li>• Nil</li> </ul>                     |
| Current Directorships in Listed Companies   | Other Major Appointments  | Directorships in Other Listed Companies Held Over the Preceding Three Years |
| 1. Raffles Medical Group Ltd ( <i>Non-executive / Independent Director</i> )<br>2. Australand Holdings Limited ( <i>Director &amp; Non-executive Chairman</i> )<br>3. CapitaCommercial Trust Management Limited ( <i>Non-executive Director</i> )<br>4. CapitaMalls Asia Limited ( <i>Non-executive Director</i> )<br>5. Neptune Orient Lines Limited ( <i>Non-executive Director</i> ) | 1. CapitaLand Limited ( <i>Group Chief Investment Officer</i> ) | 1. CapitaMall Trust Management Limited ( <i>Non-executive Director</i> )    |

**MR KOH POH TIONG, 66** *Independent Director*

| Academic and Professional Qualifications:   |  | Board Committee(s) Served On:  |
|---|--|--|
| <ul style="list-style-type: none"> <li>• Bachelor of Science (Singapore)</li> </ul>   |  | <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |
| Current Directorships in Listed Companies   | Other Major Appointments   | Directorships in Other Listed Companies Held Over the Preceding Three Years  |
| 1. Raffles Medical Group Ltd<br>( <i>Non-executive / Independent Director</i> )<br>2. Ezra Holdings Limited<br>( <i>Chairman and Senior Advisor</i> )<br>3. SATS Limited ( <i>Director</i> )<br>4. United Engineers Limited ( <i>Director</i> )<br>5. Petra Foods Limited ( <i>Director</i> ) | 1. The Singapore Kindness Movement ( <i>Chairman</i> )<br>2. National Kidney Foundation ( <i>Chairman</i> )<br>3. PSA Corporation Limited ( <i>Director</i> )<br>4. PSA International Pte Ltd ( <i>Director</i> )<br>5. The Great Eastern Life Assurance Company Limited ( <i>Director</i> ) | 1. Asia Pacific Breweries Limited<br>( <i>Director</i> )<br>2. Fraser & Neave Holdings Berhad<br>( <i>Director</i> )<br>3. Kingway Brewery Holdings Limited<br>( <i>Director</i> )<br>4. PT Multi Bintang Indonesia Tbk<br>( <i>Director</i> ) |

**MR KEE TECK KOON, 56** *Independent Director*

| Academic and Professional Qualifications:   |   | Board Committee(s) Served On:  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Bachelor of Arts (Oxford)</li> <li>• Master of Arts in Engineering Science (University of Oxford, United Kingdom)</li> </ul> |   | <ul style="list-style-type: none"> <li>• Nil</li> </ul>  |
| Current Directorships in Listed Companies   | Other Major Appointments  | Directorships in Other Listed Companies Held Over the Preceding Three Years  |
| 1. Raffles Medical Group Ltd<br>( <i>Non-executive / Independent Director</i> )   | 1. NTUC Enterprise Co-operative Limited ( <i>Non-executive Director</i> ) | 1. CapitaMall Trust Management Limited<br>( <i>Non-executive Director</i> )<br>2. CapitaMalls Malaysia REIT Management Sdn Bhd<br>( <i>Non-executive Chairman &amp; Non-executive Director</i> ) |

# Senior Management



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## 1. DR LOO CHOON YONG

*Executive Chairman and Co-Founder  
Raffles Medical Group*

Dr Loo Choon Yong is the Executive Chairman of Raffles Medical Group Ltd. He co-founded the Raffles Medical Group in 1976 and was appointed to his current position in 1997 when the Group was listed in the Singapore Stock Exchange. Under his leadership, the Group grew from a two-clinic practice to a fully integrated healthcare organisation, with a network of family medicine clinics, a tertiary care private hospital, insurance services and a consumer healthcare division.

Dr Loo graduated with a MBBS (Bachelor of Medicine, Bachelor of Surgery) from the University of Singapore and holds a Diploma in Cardiac Medicine from the University of London. He is a Diplomate Member of the College of Family Physicians Singapore (MCFPS). He also read Law at the University of London and is a barrister of Middle Temple.

Dr Loo was conferred the CEO of the Year award in May 2010 at the Singapore Corporate Awards organised by The Business Times and supported by Singapore Stock Exchange.

## 2. DR PREM KUMAR NAIR

*Chief Corporate Officer  
Raffles Medical Group  
General Manager  
Raffles Hospital*

Dr Nair is the Chief Corporate Officer of Raffles Medical Group and the General Manager of Raffles Hospital.

Prior to this, he held various senior management positions in the Group in areas such as primary care operations, corporate marketing, business development and

talent management. He was with the Ministry of Health before joining Raffles Medical Group in July 1991.

Dr Nair is a physician by training and he graduated with a Master of Business Administration from Manchester Business School.

## 3. MR LUI CHONG CHEE

*Chief Financial Officer  
Raffles Medical Group*

Mr Lui is the Chief Financial Officer of Raffles Medical Group. Prior to joining the Group, Mr Lui was with CapitaLand Limited, where he held a succession of senior financial and operational management positions across the group between 2001 and 2010.

Prior to joining the CapitaLand Group, he was Managing Director of Citicorp Investment Bank (Singapore) Limited.

Mr Lui received a Bachelor of Science in 1985 in Business Administration (magna cum laude) from New York University, USA, as well as a Master of Business Administration in 1986 in Finance and International Economics. In 2005, he attended the Advanced Management Program at Harvard Business School.

## 4. MR LAWRENCE LIM

*Director, Corporate Development  
Raffles Medical Group*

Mr Lim is the Director of Corporate Development responsible for healthcare facility and institutional development projects. He was the General Manager of Raffles Hospital for a period of 10 years from its inception in 2000 to 2012. During this period, he held concurrent responsibilities for managing the network of GP and dental clinics and providing consultancy for overseas healthcare projects.

He has about 30 years of experience in the healthcare industry. He started in the Ministry of Health as the Director of Development responsible for policy developments for the Medisave Scheme and health facility development. Prior to joining Raffles Medical Group, Mr Lim was the Chief Executive Officer of the Singapore General Hospital from 1992 to 2000, and Chief Executive Officer responsible for restructuring the Toa Payoh Hospital from 1990 to 1992.

Mr Lim graduated from the University of Birmingham in 1977 with a BSoc Sc in Mathematical Economics (1st Class Honours). He obtained a Master of Science in Management in 1988 from Stanford University's Graduate School of Business, and attended the Advanced Management Program at the Harvard Business School in 1995.

## 5. MRS KIMMY GOH

*Group Financial Controller /  
Company Secretary  
Raffles Medical Group*

Mrs Goh joined Raffles Medical Group in 1992 and holds the responsibilities of Group Financial Controller since 2005 and Company Secretary since 2007.

She is responsible for the Group's financial strategy & management, taxation, treasury and corporate secretarial functions. She is also involved in corporate planning and investor relations of the Group. Prior to joining the Group, she had about 8 years of audit experience with two international public accounting firms.

Mrs Goh is a non-practising Member of the Institute of Certified Public Accountants of Singapore and is a Fellow of the Association of Chartered Certified Accountants.





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## 6. DR KENNETH WU

*General Manager  
Raffles Medical Clinics*

Dr Wu is the General Manager of Raffles Medical Clinics. He is responsible for the growth and development of the Primary Care Services for the Group. He also oversees the Group's interests in Hong Kong.

Since joining the Group in 1997, he has progressed through both clinical and operational management positions across the Group garnering experience and expertise for his current role.

Dr Wu graduated with a MBBS (Bachelor of Medicine, Bachelor of Surgery) from the National University of Singapore in 1989 and completed clinical postings in the Singapore restructured hospitals prior to joining the Group. In 2007, he graduated with a GDFM (Graduate Diploma Family Medicine) from the National University of Singapore.

## 7. DR JOSEPH SOON

*General Manager  
Raffles Dental*

Dr Soon is the General Manager for Raffles Dental, Raffles Health and Raffles Chinese Medicine.

He previously held the position of Director, Projects Office in the National Healthcare Group, Director Corporate Development at the Institute of Mental Health and Director, Dental Division National Healthcare Group Polyclinics concurrently until he joined Raffles Medical Group in April 2011. Prior to those appointments, Dr Soon was the Head of the Strategic Planning Office in NHG Polyclinics as well as the General Manager for the Singapore Footcare Centre.

Dr Soon received his professional training as a Dental Surgeon at the National University of Singapore. He obtained a Graduate Diploma in Business Administration from the University of Leicester and was later awarded a scholarship from the National Healthcare Group Polyclinics to further his management training through the Executive Development Program at the Wharton School, University of Pennsylvania.

## 8. MR DANNY YAP

*General Manager  
Raffles Health Insurance*

Mr Yap is the Principal Officer & General Manager of Raffles Health Insurance. He has been with the company since March 2012. He is responsible for the day to day development and implementation of the health insurance business. He provides leadership to drive growth and profitability and ensures compliance with the insurance laws and regulations for the Group.

He has more than 25 years' experience in the insurance industry, having held several senior management positions. Prior to his current appointment, he was the Chief Marketing Officer for AXA Life Singapore Pte Ltd.

Mr Yap has an economics degree from Macquarie University, Australia.

## 9. MS DOREEN TAN

*Director, Human Resource  
Raffles Medical Group*

Ms Tan joined Raffles Medical Group as Director, Human Resource in March 2012. She guides and manages the overall provision of Human Resource services, policies and programs for the Group,

covering areas such as recruitment and staffing, compensation and benefits and employee development and training.

She was formerly from SilkAir (Singapore) Pte Ltd, a subsidiary of Singapore Airlines Ltd, where she held the position of Vice President Finance and Human Resource.

Ms Tan graduated from the National University of Singapore with a Bachelor of Accountancy and is a non-practising Member of the Institute of Certified Public Accountants of Singapore.

## 10. MR TEO KAH LING

*Deputy Director, Information Technology  
Raffles Medical Group*

Mr Teo is the Head of Information Technology of Raffles Medical Group. He is a veteran with 10 years' experience in the healthcare industry.

He previously held the position of Head Systems Services and Principal Enterprise Architect of Integrated Health Information Systems. During his time with Integrated Health Information Systems, he was responsible for all IT Infrastructure related projects for the National Healthcare Group of Hospitals.

Mr Teo graduated from the National University of Singapore with a Bachelor of Science (Computer and Information Science) in 1991. He also has a Master of Business Administration from the University of Leicester and a Master of Science (Artificial Intelligence) from the University of Leeds.

# Clinical Leaders



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## 1. DR ALFRED LOH

*Senior Clinical Director  
Raffles Medical Clinics*

Dr Loh is a Consultant Physician in Family Medicine and Founding Partner of Raffles Medical Group. Dr Loh is also the Senior Clinical Director of the Raffles Medical Clinics.

He was the Chief Executive Officer of the World Organisation of Family Doctors (WONCA) from 2001-2012 and is also a clinical examiner in Family Medicine for the Graduate School of Medical Studies in National University of Singapore.

Dr Loh's qualifications include MBBS (Singapore), FCGP (Singapore), FRACGP (Australia), and FCGP (UK).

## 2. PROFESSOR WALTER TAN

*Medical Director  
Raffles Hospital*

Professor Tan is a Consultant Surgeon, trained in both General and Plastic Surgery, at the Raffles Surgery Centre. Professor Tan is also currently the Medical Director of Raffles Hospital, a position that he has held since he joined in April 2001. He also holds the position of Adjunct Professor of Surgery at the National University of Singapore.

Prior to joining Raffles Hospital, he was Professor of Surgery and Chairman of the Department of Surgery, National University of Singapore.

Professor Tan's qualifications and fellowship degrees include MBBS (NUS), MMed (Surgery), FRCS (Edinburgh), FRCS (Glasgow), FACP (Hon), FRACP (Hon), FACS, FRACS (General Surgery) and FAMS (Plastic Surgery).

## 3. DR YANG CHING YU

*Medical Director  
Raffles Hospital*

Dr Yang is a General Surgeon and Medical Director of Raffles Hospital. Dr Yang is a founding member of the Endoscopic & Laparoscopic Surgeons of Asia, the ASEAN Colorectal Surgeons Association and the Society of Colorectal Surgeons Singapore. Dr Yang is also a member of the American Society of Colon and Rectal Surgeons.

He received his MBBS in 1980 from the University of Singapore. He is a Fellow of the Royal College of Surgeons (Glasgow) (1986) and the Academy of Medicine (Singapore) (1992).

Dr Yang's qualifications include MBBS (Singapore), FRCS (Glasgow) and FAMS.

## 4. DR WILSON WONG

*Medical Director  
Raffles Medical Clinics*

Dr Wong is a Consultant Family Physician and Medical Director of Raffles Medical. He continues to practise actively and acts as the Medical Advisor and Referee to various companies in areas of healthcare benefits and productivity.

He has also served on the Boards of the Singapore Human Resource Institute and National Healthcare Group.

Presently Dr Wong continues to be actively involved in medical training both in Raffles as well as part of the faculty for the National University of Singapore (NUH) Family Medicine residency trainees.

Dr Wong's qualifications include MBBS (Singapore) and MCFP (Singapore).

## 5. DR YII HEE SENG

*Medical Director  
Raffles Health Insurance*

Dr Yii is a Consultant in Family Medicine as well as the Medical Director for Raffles Health Insurance (RHI). Dr Yii is also a designated medical examiner for Pilots and Air Traffic Controllers by the Civil Aviation Authority of Singapore (CAAS), Civil Aviation Department (Hong Kong) and the Federal Aviation Administration (USA).

He is also a clinical teacher and an internal examiner in Family Medicine at the National University of Singapore and consultant to various insurance and reinsurance companies.

Dr Yii's qualifications include MBBS (Singapore) and MCFP (Singapore).

## 6. DR ONISHI YOICHI

*Medical Director  
Raffles Japanese Clinic*

Dr Onishi graduated from Chiba University, Faculty of Medicine in 1992. Dr Onishi then practised Internal Medicine in Japan, specialising in respiratory medicine as a member of the Department of Respiratory Medicine, Chiba University Hospital.

In 2001, he started working in Singapore as a General Practitioner at the Japanese Association Clinic. He was appointed the Medical Director of Raffles Japanese Clinic in January 2003. In September 2010, he set up a Raffles Japanese Clinic in Shanghai and also serves as its Medical Director.

Dr Onishi graduated with a MD from Japan.



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### 7. DR CHARLES POON

*Medical Director  
Raffles Medical Group, Shanghai*

Dr Poon is a Family Physician and Medical Director of Raffles Medical Shanghai.

Dr Poon graduated from the National University of Singapore with a Bachelor of Medicine and Bachelor of Surgery Degree in 1993. He also has a graduate diploma in Dermatology.

He has extensive experience in Family Medicine and is a Designated Factory Doctor with the Ministry of Manpower, Singapore.

Dr Poon's qualifications include MBBS (Singapore) Graduate Diploma Dermatology (Singapore) and Designated Factory Doctor (Singapore).

### 8. DR CHNG SHIH KIAT

*Deputy Medical Director  
Raffles Medical Clinics*

Dr Chng is a Consultant Family Physician at the Raffles Executive Medical Centre. Dr Chng is also the Deputy Medical Director of Raffles Medical.

He has been with the group since 1997 and was the physician leader of the 24hr Emergency Care Centre and Family Medicine Centre. He was then appointed the physician leader of Raffles HealthScreeners and assumed the position of Deputy Medical Director in 2007.

Dr Chng's qualifications include MBBS (Flinders), FCFP (Singapore), MMed (FM) (Singapore), GDOM (Singapore), GDFM (Singapore) and DWD.



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### 9. DR LEE JONG JIAN

*Deputy Medical Director  
Raffles Hospital*

Dr Lee is a Consultant Ophthalmologist at the Raffles Eye Centre. Dr Lee is also currently the Deputy Medical Director of Raffles Hospital.

Dr Lee underwent his retinal fellowship in world-renowned eye centres in the United States and the United Kingdom.

Prior to joining Raffles Hospital, he practised as an ophthalmologist at various hospitals across Singapore including Changi General Hospital, Singapore National Eye Centre, Tan Tock Seng Hospital and National University Hospital.

Dr Lee's qualifications include MRCS (Edinburgh) UK Ophthalmology, Master of Medicine (Singapore) Ophthalmology, FRCS (Glasgow) UK Ophthalmology and FRCSEd (Ophth) (Edinburgh) UK.

### 10. DR DONALD POON

*Deputy Medical Director  
Raffles Hospital*

Dr Poon is currently Managing Partner, Raffles Cancer Centre and Deputy Medical Director, Raffles Hospital.

He is a Medical Oncologist and previously practised at National Cancer Centre, Singapore, from 2001 to 2010. He was Assistant Professor and regular faculty member at Duke-NUS Graduate Medical School from 2008 to 2010 and currently holds the position as an adjunct appointment.



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Dr Poon was Honorary Medical Director (2007 to 2009) and Council Board member (2010 to 2012) of Singapore Cancer Society.

Dr Poon's qualifications include MBBS (Singapore), M Med (Int Med), MRCP (UK) and FAMS.

### 11. DR MOTODA LENA

*Deputy Medical Director  
Raffles Japanese Clinic*

Dr Motoda is a paediatric specialist, accredited by the Japan Paediatric Society, and the Deputy Medical Director of Raffles Japanese Clinic (RJC). Dr Motoda holds a basic medical degree from the University of Tokyo as well as a PhD from the Graduate School of Medicine, the University of Tokyo.

She joined Raffles in October 2008 and has been in her current position since September 2010, to assist the Medical Director of RJC in directing the professional practice to serve Japanese patients in Singapore and the region.

Dr Motoda graduated with a MB from Japan.







A man in a light blue shirt and dark tie stands in a lush garden, smiling. He is positioned on the left side of the frame, looking towards the right. The background is filled with green foliage and a small pond with rocks.

## One Passion to Heal

Led by our core values and a passionate belief in providing quality medical care, Raffles has evolved from a two-clinic practice to become Singapore's largest network of multi-disciplinary medical centres with a tertiary hospital. Raffles is home to some of the most talented and dedicated professionals in healthcare who inspire hope, healing, assurance and comfort.

*(From left to right) Respiratory Specialist Dr Steve Yang and Interventional Radiologist Dr Manish Taneja speaking to a patient while he is being brought around the hospital's sky garden by Staff Nurse Amanda Yeo.*

## Operations Review

As a team, the doctors, nurses and healthcare managers of Raffles Medical Group work together to provide comprehensive and integrated care to its patients. This unique model, better known as an institutional Group Practice, has set Raffles Medical Group apart from other private healthcare providers and propelled its growth over the past 36 years.

In 2012, the Group achieved record revenue of \$311.6 million, an increase of 14.2% as compared to \$272.8 million in 2011. Profit after tax for the Group grew by 13.0% attaining a record \$57.2 million. All divisions in the group contributed positively to the growth with Hospital Services division increasing its revenue by 16.1% and Healthcare Services division growing by 11.4%.







*A diverse team of medical professionals attending to a patient. (From left to right): Staff Nurse Romylyn Quinones Corpuz, ENT Surgeon Dr David Lau Pang Cheng, A&E Physician Dr Shrikant Rasikal Shah and Resident Physician Dr Amelia Loke.*

## Operations Review (Cont'd)



*Ophthalmologist Dr David Chan having a playful moment with one of his young overseas patients.*

### Raffles Hospital Caring Through Diverse Talents

Twelve years since its official opening in 2001, Raffles Hospital is a tertiary centre of medical excellence in the region, well known for its unique multi-disciplinary physician group practice model in the private sector.

Following the successful re-accreditation by Joint Commission International (JCI) in late 2011, the hospital continued to focus on the provision of high quality care, with particular emphasis on clinical governance, expertise and management.

In line with the tradition of strengthening the clinical breadth and depth of specialist talent in the hospital, new consultant specialists were added in 2012 in the areas of Radiology, Nuclear Medicine, Haematology, Medical Oncology, Paediatrics, Neurosurgery, Obstetrics & Gynaecology, Gastroenterology, Neurology, Psychiatry, Dermatology, Ophthalmology and Otorhinolaryngology.

New services were developed throughout the year at the hospital. High level interventional radiology and neuro-interventional procedures were started in order to offer patients treatment options without surgery. In cardiology, electro-

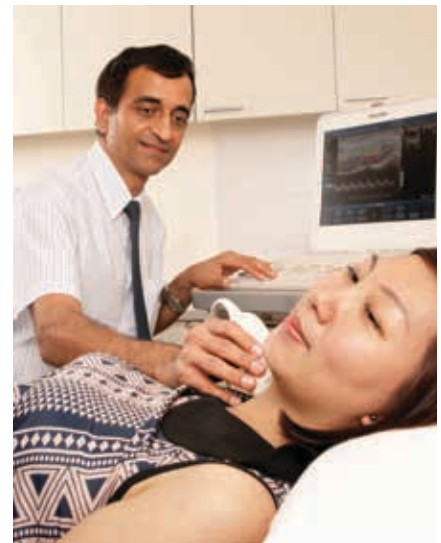
physiological studies (EPS) and catheter ablation services began for patients with abnormalities of the electrical and conductive system of the heart. Endoscopy services for children were introduced as well as water birthing in the labour ward. A new Neuroscience Centre was set up combining neurologists, neurosurgeons and related specialists.

In the area of patient education, several public seminars were held in partnership with Channel News Asia and LianHe Zaobao. The seminars, featuring topics such as women's wellness, cancer and ageing, saw record attendances.

### Caring Beyond Singapore

In 2012, strong foreign patient growth was recorded from traditional markets like Indonesia, Cambodia, Myanmar, Vietnam, Bangladesh and the Middle East, as well as new markets like India, Mongolia and Central Asia.

To support the needs of specific regions, new Patient Liaison Offices were opened in Siem Reap, Cambodia, and Dhaka, Bangladesh. Overseas patients continued to be referred to Raffles Hospital through associate networks, international insurance companies, medical assistance organisations and other partners.



*Neurologist Dr N V Ramani conducting a carotid ultrasound scan on a patient.*



*The newly furnished Arabic-themed rooms give Middle-Eastern patients a greater sense of comfort and warmth, resembling home.*



## Raffles Medical Consolidating And Expanding Care

Raffles Medical saw organic growth and expansion of some of its major medical centres in 2012. Within the hospital, Raffles HealthScreeners and the Raffles Executive Medical Centre were relocated to larger and dedicated premises on level 12. A new Health Check centre was opened at level 1 of the hospital to cater exclusively for statutory and employment related medical checks, thereby creating more space for the expansion of the family medicine centre and 24-hour emergency unit.

Outside the hospital, the medical centre at Raffles Place was relocated to Singapore Land Tower. With the larger space, a new Raffles Executive Medical Centre was introduced, complimenting the existing family medicine, health screening, dental and obstetrics & gynaecology services. Similarly, the medical centres in Tampines One and Causeway Point were expanded to serve more patients.

## Caring As A Corporate Healthcare Partner

In 2012, Raffles Medical was again voted as the Preferred Employee Healthcare Provider in the seventh annual HR Vendors of the Year survey conducted by the Human Resources magazine with key human resource professionals from MNCs, SMEs and government agencies. This award strongly reaffirms Raffles' level of professionalism and commitment in partnering organisations to improve employees' health and well-being through its comprehensive range of healthcare services that are customisable to meet different needs.

Raffles Medical observed an increase in companies and organisations that chose its corporate healthcare services while it continued to serve the growing needs of its existing clients. As such, RafflesOne, a corporate healthcare solution, was launched in November 2012 to further entrench Raffles Medical Group as the Trusted Healthcare Partner for corporate companies in Singapore and the region.



*Raffles HealthScreeners shifted from its old premises at level 2 of the hospital to a larger and more accessible location on level 12.*



*Relocated to Singapore Land Tower from Raffles Place, the medical centre continues to provide quality medical services to executives working in the CBD area.*



*Staff Nurse Evelyn Abugan Co handing a corporate client his medical report.*



## Operations Review (Cont'd)



*Raffles Dental relocated to a more spacious area on level 1 of the hospital to accommodate a larger influx of patients.*

### **Raffles Dental** Caring For Your Smiles

Catering to the growth in patient load and dental needs, Raffles Dental expanded and modernised three of its clinics.

The Dental Centre at Raffles Hospital was relocated from level 13 to level 1 and expanded from a 4-chair to an 8-chair operation. The centre also introduced CAD-CAM CEREC technology, full dental X-ray digitisation, including Intra Oral Camera for each dental chair, and set up an in-house dental laboratory.

The dental clinic at OUB Centre was relocated to Singapore Land Tower and the one at Causeway Point was relocated to a new unit within the mall. Both clinics were renovated to add a modern touch with new dental chairs and technology.

To support its expanding operations and future growth, Raffles Dental also enrolled two new specialists and four new dental surgeons to strengthen its team of dental professionals.

### **Raffles Health** Caring For Your General Well Being

Despite higher distribution and selling expenses, Raffles Health, the Group's nutraceutical arm, did well in 2012. Raffles Health currently distributes its health products in Singapore, Indonesia, Hong Kong and Brunei, and will be looking to expand its presence to other markets.

Raffles Health also expanded its product range, with plans to introduce Chinese proprietary medicines, which will be launched in Q2 of 2013. Plans are also underway to expand the retail and wholesale distribution channels.

### **Raffles Medical International** Extending The Trusted Brand Of Care In Asia

Raffles Medical, Shanghai doubled its in patient load in 2012 as compared to the previous year. Catering to the diverse medical needs of the locals and expatriates in China, new specialists were recruited. Physiotherapy and chiropractic services were started in November, while Raffles Japanese Clinic introduced psychiatry and TCM services.

Raffles Medical, Hong Kong continued to grow, serving more patients in its strategic location at Central. It piloted TCM services at the Taikoo Place clinic and recruited a clinical director and resident physician to serve transit patients at the clinic in Hong Kong International Airport.



*With its strategic location in Central, Raffles Medical, Hong Kong continues to offer premium medical care and serve more patients.*



*With the official renaming exercise, Raffles Health Insurance would be better able to leverage on the Group's healthcare network to provide a seamless service.*

### Raffles Health Insurance Entering A Brand New Chapter

The Group's subsidiary insurance arm, International Medical Insurers was officially renamed Raffles Health Insurance (RHI) on 11 October 2012. With this renaming exercise, the health insurance specialist would be better able to leverage on the Group's comprehensive healthcare network to provide a seamless service, where health insurer and healthcare provider are part of one integrated unit. To expand its reach in total healthcare financing solutions, a sales office was set up in Robinson Point for the RHI-BUPA business and to house a new Financial Advisory Unit.

In October 2012, RHI and BUPA entered into agreement with Aviva to offer RHI-BUPA regional and global health products as replacement options for Aviva Ideal Medical and Global Health products from 1 December 2012.

### Caring As One

Raffles' unique model encompassing staff physicians working with nurses, allied health staff and healthcare managers has been the cornerstone of its operating philosophy – one that allows us to deliver comprehensive, coordinated and integrated care to patients over their lifetime. Caring as one.



*Senior Staff Nurse Cynthia Ko checks on the patient as he receives his meal.*



*Staff Nurse Cherry Chong sharing a tender moment with a young patient.*





# One Desire to Excel

Driven by an unrelenting desire to bring quality medical care for patients to the forefront, Raffles continuously pursues medical excellence through constant innovations and improvements, thereby setting new standards and delivering exceptional care.



*(From left to right) Nuclear Physician Dr Andrew Tan and Cardiologist Dr Teo Swee Guan discussing about a patient's diagnostic scans.*

# Professional Governance

## RafflesHospital

### MEDICAL BOARD

Dr Loo Choon Yong  
(Advisor)  
Professor Walter Tan  
(Chairman)  
Dr Alfred Loh  
Dr Yang Ching Yu  
Dr Lee Jong Jian  
Dr Donald Poon  
Dr Prem Kumar Nair  
(Secretary)

### CREDENTIALLING & PRIVILEGING COMMITTEE

Dr Yang Ching Yu  
(Chairman)  
Dr Khoo Chong Yew  
Dr Alfred Loh  
Dr S Krishnamoorthy  
Professor Walter Tan  
(Ex-Officio)

### ETHICS COMMITTEE

Dr JJ Murugasu  
(Chairman)  
Professor Walter Tan  
Professor Nambiar Rajmohan  
Professor Edward Tock  
Associate Professor Chew Chin Hin  
Dr Alfred Loh  
Reverend Dr Isaac Lim  
Mr Mike Barclay  
Mr Victor Lye  
Mr Moiz Tyebally

### QUALITY COMMITTEE

Dr Alfred Loh  
(Chairman)  
Dr Prem Kumar Nair  
(Co-Chairman)  
Dr JJ Murugasu  
Professor Walter Tan  
Dr Yang Ching Yu  
Dr Wilson Wong  
Dr Tan Hsiang Lung

Ms Doreen Tan  
Mdm Tan Lay Geok  
Ms Yee Earn Hwa  
Ms Kartini Sameejan  
Ms Pang Yen Yin  
(Secretary)

### MEDICAL AUDIT COMMITTEE

Dr Chan Choong Chee  
(Chairman)  
Dr Teo Sek Khee  
Dr Ng Wai Lin  
Dr Veronica Toh  
Dr Daryl Tan  
Dr Chng Shih Kiat  
Ms Lilian Yew  
Dr Alfred Loh  
(Ex-Officio)  
Ms Kartini Sameejan  
(Secretary)

### SURGICAL AUDIT COMMITTEE

Dr J J Murugasu  
(Chairman)  
Professor Edward Tock  
(Co-Chairman)  
Dr Yang Ching Yu  
Dr Law Ngai Moh  
Dr Lee I-Wuen  
Dr Eric Teh  
Dr Donald Poon  
Dr Lim Yeow Wai  
Dr Lim Kok Bin  
Ms Teo Poh Lin  
Dr Alfred Loh  
(Ex-Officio)  
Professor Walter Tan  
(Ex-Officio)  
Ms Kartini Sameejan  
(Secretary)

### PHARMACY & THERAPEUTICS COMMITTEE

Dr Yang Ching Yu  
(Chairman)  
Dr Kelvin Thia

Dr Teo Sek Khee  
Dr Yii Hee Seng  
Dr Toh Chee Keong  
Dr Joshua Kua Hai Kiat  
Ms Koi Poh Leng  
Ms Yee Earn Hwa  
(Secretary)

### INFECTION CONTROL COMMITTEE

Dr Teo Sek Khee  
(Chairman)  
Dr Leong Hoe Nam  
(Advisor)  
Dr Wong Kutt Sing  
Dr Lynette Ngo Su Mien  
Dr Jeffrey Sng  
Ms Ong Suat Kien  
Ms Roselyn Wong Kin Tee  
Ms Lee Lai Fun  
Mr Heng Wee Khim  
Ms Tee Yen Yen  
Ms Cheng Lee Hong  
Mr Lee Meng Tuck  
Ms Ng Lee Min  
Ms Kartini Sameejan  
Ms Wang Yang  
(Secretary)

### OPERATING THEATRE COMMITTEE

Dr Eric Teh  
(Chairman)  
Dr Yang Ching Yu  
Dr Lee Jong Jian  
Dr Stephen Lee  
Dr Lim Yeow Wai  
Dr Wong Him Choon David  
Dr Sheila Loh  
Dr Lim Kok Bin  
Mdm Tan Lay Geok  
Ms Kartini Sameejan  
Ms Teo Poh Lin  
Ms Lee Lay Tin  
(Secretary)

## **BLOOD TRANSFUSION & TISSUE REVIEW COMMITTEE**

Dr Ekachai Danpanich  
(Chairman)  
Dr Daryl Tan  
Dr Watt Wing Fong  
Dr Jean Ho May Sian  
Ms Sadiah Mohd Yusof  
Ms Fa'eezah Bte Hamzah  
Ms Pang Yen Yin  
Ms Louisa Chew  
(Secretary)

## **PATIENT CASE REVIEW COMMITTEE**

Dr Ng Chin  
(Chairman)  
Dr Alvin Ng Chee Keong  
(Co-Chairman)  
Dr Chong Yong Yeow  
Dr Tan Hsiang Lung  
Ms Liu Wei Wei  
Ms Perumal Premalatha  
Ms Yee Earn Hwa  
Ms Ong Suat Kien  
Ms Fa'eezah Bte Hamzah  
(Secretary)

## **CRITICAL CARE COMMITTEE**

Dr Chan Choong Chee  
(Chairman)  
Dr Steve Yang  
Dr Alvin Ng Chee Keong  
Dr Wong Kutt Sing  
Dr Veronica Toh  
Dr Ho Kok Yuen  
Ms Lilian Yew  
Ms Ong Hui Chin  
Ms Mary Jane Mendoza Sangalang  
Ms Perumal Premalatha  
Ms Poh Lay Hiang Yasmine  
(Secretary)

# ***RafflesMedical***

## **MEDICAL BOARD**

Dr Wilson Wong  
(Chairman)  
Dr Chng Shih Kiat  
(Co-Chairman)  
Dr Alfred Loh  
Dr Yii Hee Seng  
Dr Salleh Omar Alkhatia  
Dr Hoo Kai Meng  
Dr Chin Min Kwong  
Dr Choo Shiao Hoe



# Corporate Information

## Raffles Medical Group

### BOARD OF DIRECTORS

Dr Loo Choon Yong  
(Executive Chairman)  
Mr Tan Soo Nan  
(Independent Director)  
Associate Professor Wee Beng Geok  
(Independent Director)  
Professor Lim Pin  
(Independent Director)  
Mr Lim Tse Ghov Olivier  
(Independent Director)  
Mr Koh Poh Tiong  
(Independent Director)  
Mr Kee Teck Koon  
(Independent Director)

### AUDIT COMMITTEE

Mr Tan Soo Nan  
(Chairman)  
Associate Professor Wee Beng Geok  
Dr Loo Choon Yong

### NOMINATION & COMPENSATION COMMITTEE

Associate Professor Wee Beng Geok  
(Chairman)  
Professor Lim Pin  
Dr Loo Choon Yong  
Dr Prem Kumar Nair  
(Secretary)

### REGISTERED OFFICE

585 North Bridge Road  
Raffles Hospital #11-00  
Singapore 188770  
Tel : 6311 1111  
Fax : 6338 1318  
Email: enquiries@raffleshospital.com

### COMPANY SECRETARY

Mrs Kimmy Goh

### SHARE REGISTRAR

**M & C Services Private Limited**  
112 Robinson Road  
#05-01  
Singapore 068902

### AUDITORS

**KPMG LLP**  
Certified Public Accountants  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581  
Partner-in-Charge:  
Ms Kum Chew Foong  
Year of Appointment: 2009

### PRINCIPAL BANKERS

DBS Bank Ltd  
Overseas-Chinese Banking  
Corporation Limited  
United Overseas Bank Limited

## Raffles Health Insurance

### BOARD OF DIRECTORS

Dr Loo Choon Yong  
(Chairman)  
Mr Tan Soo Nan  
(Non-Executive Director)  
Mr N Ganesan s/o N N Pillay  
(Independent Director)  
Mr Ngiam Tong Dow  
(Independent Director)  
Mr Edmund Koh Kian Chew  
(Independent Director)

### COMPANY SECRETARY

Mrs Kimmy Goh

### AUDITORS

**KPMG LLP**  
Certified Public Accountants  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581  
Partner-in-Charge:  
Mr Venkat Iyer  
Year of Appointment: 2005

### PRINCIPAL BANKERS

DBS Bank Ltd  
United Overseas Bank Limited

# Corporate Governance

## CORPORATE GOVERNANCE STATEMENT

The Directors and Management of Raffles Medical Group (RMG) are committed to comply with the Code of Corporate Governance (the Code) issued by the Corporate Governance Committee in 2005 so as to ensure greater transparency and protection of shareholders' interests. This statement outlines the main corporate governance practices that were in place throughout the financial year.

## PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

***Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and Management remains accountable to the Board.***

The primary role of the RMG Board of Directors (the Board) is to protect and enhance the long-term value of its shares for all the shareholders. To fulfil this role, the Board is responsible for the overall corporate governance of RMG and its subsidiaries (the Group) including setting its strategic and entrepreneurial direction, establishing goals for Management and monitoring the achievement of these goals. The Board currently holds four scheduled meetings each year. In addition, the Board also meets to discuss strategy and holds meetings at such other times as may be necessary to address any specific significant matters that may arise. The Articles of Association of the Company also provides for telephonic and video conference meetings to facilitate meetings among the Directors. We have disclosed the attendance of the Directors at Meetings of the Board and Board Committees, as well as the frequency of such meetings in this Report.

The Board has decided that certain matters shall always be approved by the Board. These include:

- the approval of quarterly results announcements;
- the approval of the annual accounts;
- the declaration of interim dividends and proposal of final dividends;
- convening of Shareholders' Meetings;
- the approval of corporate strategy and direction of the Group;
- material acquisitions or disposals;
- the approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions; and
- the appointment of new Directors.

All other matters are delegated to Committees whose actions are reported to and monitored by the Board.

## TRAINING OF DIRECTORS

All new Directors are briefed on the operations of all the key businesses and support units. New Directors are equipped with relevant information on their duties as Directors under Singapore law. Directors are also updated on a regular basis on accounting and regulatory changes. Directors may at any time request for further explanation, briefing or informal discussion on any aspects related to the Company's operations.

## ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

The table below sets out the attendances at meetings of the Board and Board Committees convened in the course of the year:

| Name of Director                  | Board                |                          | Audit Committee      |                          | Nomination & Compensation Committee |                          |
|-----------------------------------|----------------------|--------------------------|----------------------|--------------------------|-------------------------------------|--------------------------|
|                                   | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended | No. of meetings held                | No. of meetings attended |
| Dr Loo Choon Yong                 | 5                    | 5                        | 4                    | 4                        | 1                                   | 1                        |
| Mr Tan Soo Nan                    | 5                    | 5                        | 4                    | 4                        | NA                                  | NA                       |
| Associate Professor Wee Beng Geok | 5                    | 5                        | 4                    | 4                        | 1                                   | 1                        |
| Professor Lim Pin                 | 5                    | 5                        | NA                   | NA                       | 1                                   | 1                        |
| Mr Lim Tse Ghow Olivier           | 5                    | 3                        | NA                   | NA                       | NA                                  | NA                       |
| Mr Koh Poh Tiong                  | 5                    | 5                        | NA                   | NA                       | NA                                  | NA                       |
| Mr Kee Teck Koon <sup>(1)</sup>   | 5                    | 5                        | NA                   | NA                       | NA                                  | NA                       |
| Mr Tham Kui Seng <sup>(2)</sup>   | 5                    | 2                        | 4                    | 1                        | NA                                  | NA                       |

### Note:

(1) Mr Kee Teck Koon was appointed Independent Director on 3 January 2012.

(2) Mr Tham Kui Seng retired on 27 April 2012.

NA : Not applicable

## Corporate Governance (cont'd)

### PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

*There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The names of the Directors of the Company in office at the date of this Report are set out below.

The Board has objectively reviewed its composition and is satisfied that such composition is appropriate. In any event, the Board will constantly examine its size with a view to determine the impact upon its effectiveness.

As at the date of this Report, the Board comprises seven suitably qualified members:

| Name of Director                  | Date of Appointment | Nature of Appointment         | Date of last Re-election as Director | Position held on the Board | Other Functions   |
|-----------------------------------|---------------------|-------------------------------|--------------------------------------|----------------------------|---|
| Dr Loo Choon Yong                 | 16/05/1989          | Executive/<br>Non-independent | 29/04/2011                           | Chairman                   | Member of Nomination & Compensation Committee and Audit Committee             |
| Mr Tan Soo Nan                    | 28/07/2000          | Non-executive/<br>Independent | 30/04/2010                           | Director                   | Chairman of Audit Committee   |
| Associate Professor Wee Beng Geok | 27/11/2000          | Non-executive/<br>Independent | 30/04/2010                           | Director                   | Chairman of Nomination & Compensation Committee and Member of Audit Committee |
| Professor Lim Pin                 | 19/02/2001          | Non-executive/<br>Independent | 27/04/2012                           | Director                   | Member of Nomination & Compensation Committee                                 |
| Mr Lim Tse Ghaw Olivier           | 01/10/2009          | Non-executive/<br>Independent | 27/04/2012                           | Director                   | NA  |
| Mr Koh Poh Tiong                  | 03/10/2011          | Non-executive/<br>Independent | NA                                   | Director                   | NA  |
| Mr Kee Teck Koon                  | 03/01/2012          | Non-executive/<br>Independent | NA                                   | Director                   | NA  |

NA : Not applicable

Particulars of the interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report.

### INDEPENDENT MEMBERS OF THE BOARD

There is a strong independent element in the Board. Six of the seven members of the Board are Independent Directors namely Mr Tan Soo Nan, Associate Professor Wee Beng Geok, Professor Lim Pin, Mr Lim Tse Ghaw Olivier, Mr Koh Poh Tiong and Mr Kee Teck Koon. The criterion of independence is based on the definition given in the Code. The Board considers an "Independent" Director as one who has no significant relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the business judgement of the Directors independently for the best interests of the Group as a whole.

As Non-executive members of the Board, the Independent Directors exercise no management functions in the Company or any of its subsidiaries. Although all the Directors are equally responsible for the performance of the Group, the role of the Non-executive Directors is particularly important in ensuring that the strategies proposed by the Executive Management are fully discussed and rigorously examined by taking into account the long-term interests, not only from the perspective of all shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts its business.



## Corporate Governance (cont'd)

### PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE (CONT'D)

The Board considers its Non-executive Directors to be of sufficient calibre and number. Their views are of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The Non-executive Directors have no financial or contractual interests in the Group other than by way of their fees, shareholdings and participation in the Employees' Share Option Scheme of the Company as set out in the Directors' Report.

### PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER (EXECUTIVE CHAIRMAN)

***There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.***

Notwithstanding the relevant provisions of the Code of Corporate Governance 2005, the Board is of the view that it is in the best interests of the Group to adopt a single leadership structure i.e. where the Chief Executive Officer and the Chairman of the Board, is the same person. This is to ensure that the decision-making process of the Group would not be unnecessarily hindered.

The Executive Chairman is Dr Loo Choon Yong who is responsible for the oversight of the day-to-day operation of the Group and concurrently exercise control over the quality, quantity and timeliness of information flow between Management and the Board. He has played an instrumental role in developing the business of the Group and has also provided the Group with vision and strong leadership.

All major decisions made by the Executive Chairman are reviewed by the Board. His performance and remuneration are reviewed periodically by the Nomination & Compensation Committee. As the Board and Nomination & Compensation Committee both consist mainly of Independent Directors, the Board believes that there are adequate safeguards in place against having a centralisation of power and authority in a single individual.

Additionally, the General Managers of each business unit are also responsible for the execution of the Group's strategies and policies. They are also accountable to the Board for the conduct and performance of their respective business operations.

### PRINCIPLE 4: BOARD MEMBERSHIP

***There should be a formal and transparent process for the appointment of new directors to the Board.***

The Board members are selected on the basis of their character, business experience and acumen. Where a Director has multiple board representations, the Nomination & Compensation Committee will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director of the Company. The final approval of a candidate is determined by the Board. In appointing Directors, the Board considers the range of skills and experience required in the light of:

- the geographical spread and diversity of the Group's businesses;
- the strategic direction and progress of the Group;
- the current composition of the Board; and
- the need for independence.

Key information regarding the Directors is set out on pages 8 to 11 of the Annual Report.

The Company's Articles of Association provides that one-third of the Directors shall retire from office and subject themselves to re-election at the Annual General Meeting. All Directors are required to retire from office at least once in every three years.

### PRINCIPLE 5: BOARD PERFORMANCE

***There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.***

Informal reviews of the Board's collective performance are conducted periodically and on a regular basis by the Nomination & Compensation Committee with inputs from the other Directors and the Executive Chairman. At this stage, the Board considers it more appropriate to focus on the Board performance collectively in its appraisal process.

The Board is also of the view that the financial indicators set out in the Code as guides for the evaluation of Directors are more of a measure for the performance of Management which are less applicable to Directors. The Board therefore believes that its performance should be adjudged on the basis of accountability as a whole, rather than strict definitive financial performance criteria.

## Corporate Governance (cont'd)

### PRINCIPLE 6: ACCESS TO INFORMATION

***In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.***

All Directors receive information from Management about the Group on a regular basis so that they are equipped to play their roles during the Board Meetings. Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from Management on financial, business and corporate issues. This is to enable the Directors to be properly briefed on issues to be considered at the Board Meetings.

All Directors have unrestricted access to the Company's records and information and receive financial and related reports from Management during their office. Directors also liaise with Management as required and may consult with other employees in order to seek additional information when needed.

In addition, Directors have separate and independent access to Senior Management and the Company Secretaries at all times. The Company Secretaries are responsible to the Board for ensuring the established procedures and relevant statutes and regulations are complied with. The Company Secretaries shall attend all the Board Meetings held.

Each and every Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the operations or undertakings of the Group in order to fulfil their duties and responsibilities as Directors.

### PRINCIPLES 7 AND 8: REMUNERATION MATTERS

***There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages for individual directors. No director should be involved in deciding his own remuneration.***

***The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.***

The Group's remuneration policy is to provide compensation packages at market rates to reward successful performance and attract, retain and motivate Managers and Directors.

The Nomination & Compensation Committee determines the remuneration packages for the Executive Chairman and Senior Management based on the performance of the Group as well as the individual. The Executive Chairman does not participate in the discussion of his compensation package.

### PRINCIPLE 9: DISCLOSURE ON REMUNERATION

***Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.***

Details of Directors' remuneration are set out below:

| Remuneration Band              | Number of Directors |          |
|--------------------------------|---------------------|----------|
|                                | 2012 <sup>(1)</sup> | 2011     |
| S\$500,000 and above           | 1                   | 1        |
| S\$250,000 to below S\$500,000 | -                   | -        |
| Below S\$250,000               | 7                   | 6        |
|                                | <b>8</b>            | <b>7</b> |

**Note:**

(1) Includes Director's remuneration payable to Mr Tham Kui Seng who had retired on 27 April 2012.

## Corporate Governance (cont'd)

### PRINCIPLE 9: DISCLOSURE ON REMUNERATION (CONT'D)

Summary of the compensation table for the year ended 31 December 2012 (Group):

| Name of Director  | Salary <sup>(1)</sup><br>% | Bonus <sup>(2)</sup><br>% | Director's Fees<br>% | Share Options<br>Grants<br>% | Total<br>Compensation<br>% |
|---|----------------------------|---------------------------|----------------------|------------------------------|----------------------------|
| <b>S\$500,000 and above</b>                               |                            |                           |                      |                              |                            |
| Dr Loo Choon Yong<br><i>Executive Chairman</i>            | 10                         | 90                        | -                    | -                            | 100                        |
| <b>Below S\$250,000</b>                                   |                            |                           |                      |                              |                            |
| Mr Tan Soo Nan<br><i>Non-executive</i>                    | -                          | -                         | 52                   | 48                           | 100                        |
| Associate Professor Wee Beng Geok<br><i>Non-executive</i> | -                          | -                         | 58                   | 42                           | 100                        |
| Professor Lim Pin<br><i>Non-executive</i>                 | -                          | -                         | 52                   | 48                           | 100                        |
| Mr Lim Tse Ghaw Olivier<br><i>Non-executive</i>           | -                          | -                         | 45                   | 55                           | 100                        |
| Mr Koh Poh Tiong<br><i>Non-executive</i>                  | -                          | -                         | 78                   | 22                           | 100                        |
| Mr Kee Teck Koon<br><i>Non-executive</i>                  | -                          | -                         | 78                   | 22                           | 100                        |
| Mr Tham Kui Seng <sup>(3)</sup><br><i>Non-executive</i>   | -                          | -                         | 28                   | 72                           | 100                        |

**Note:**

(1) The salary amount shown is inclusive of allowances and statutory contributions to the Central Provident Fund.

(2) The bonus amount shown is inclusive of statutory contributions to the Central Provident Fund.

(3) Mr Tham Kui Seng retired on 27 April 2012.

### KEY EXECUTIVES' REMUNERATION

The Code requires the remuneration of at least the top five key executives who are not in the capacity of a Director to be disclosed within bands of S\$250,000. The Company believes that the disclosure of the remuneration of individual executives is disadvantageous to the business interests of the Group, especially in a highly competitive industry.

There are no employees in the Group who are the immediate family members of a Director or the Chief Executive Officer.

Key information regarding the Employees' Share Option Scheme is set out on pages 41 to 44 of the Annual Report.

### PRINCIPLE 10: ACCOUNTABILITY

***The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.***

The Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards prescribed by the Accounting Standards Council.

In presenting its quarterly and full year financial results to shareholders, the Board aims to provide to the shareholders a balanced and comprehensive assessment of the Group's performance, position and prospects. Management provides the Board with appropriate details and management accounts of the Group's performance, position and prospects on a quarterly basis.



## Corporate Governance (cont'd)

### PRINCIPLE 10: ACCOUNTABILITY (CONT'D)

#### BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has delegated specific functions to the following Committees:

- (a) Nomination & Compensation Committee
- (b) Audit Committee

#### Nomination & Compensation Committee

This Committee was established in July 2001 and is chaired by Associate Professor Wee Beng Geok with the Executive Chairman, Dr Loo Choon Yong and Professor Lim Pin as members. The Committee is responsible for the implementation and administration of the Employees' Share Option Scheme and reviews the appointment, re-appointment and compensation of Directors and Senior Management staff as applicable. Members of the Committee who are eligible for share options grants are not allowed to be involved in the deliberations in respect of any options to be granted to them.

It is the view of the Board that it is in the best interest of the Company to have the Executive Chairman Dr Loo Choon Yong sit on the Nomination & Compensation Committee. The Board believes that Dr Loo Choon Yong's long experience in the healthcare industry and inputs are necessary to enable the Company to compensate satisfactorily the key executives and clinicians in the competitive healthcare industry. Furthermore, the Committee, comprising two other independent non-executive directors reviews the compensation of the Executive Chairman to ensure that he is appropriately rewarded, giving due regard to the financial and commercial health and business needs of the Group.

### PRINCIPLE 11: AUDIT COMMITTEE

***The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.***

The Audit Committee, chaired by Mr Tan Soo Nan, an Independent Director, meets periodically with the Group's internal and external auditors as well as Management to review accounting, auditing and financial reporting matters. This is to ensure that an effective control environment is maintained in the Group. The Audit Committee also monitors proposed changes in accounting policies and discusses the accounting implications of major transactions. In addition, the Committee also advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its quarterly and annual financial statements.

Specifically, the Audit Committee:

- reviews the audit plans, functions and scope of audit examination of the external auditors and approves the audit plans of the internal auditors;
- recommends to the Board the appointment and re-appointment of external auditors;
- approves the remuneration of the external auditors, and reviews the scope and result of the audit and its cost effectiveness;
- evaluates the overall effectiveness of both the internal and the external audits through regular meetings with each group of auditors;
- reviews the adequacy and effectiveness of the internal audit function;
- determines that no restrictions are being placed by Management upon the work of the internal and external auditors;
- evaluates the adequacy of the internal control systems of the Group by reviewing written reports from the internal and external auditors, and Management's responses and actions to correct any deficiencies;
- evaluates adherence to the Group's administrative, operating and internal accounting controls;
- reviews the quarterly and annual financial statements before submission to the Board for adoption;
- reviews Interested Person Transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST)) to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders;
- reviews non-audit services provided by the external auditors to establish their independence;
- discusses with the external auditors any suspected fraud or irregularity or failure of internal controls or suspected infringement of any Singapore or other applicable law, rule and regulation;
- is authorised to put in place measures to ensure that staff have the means to raise concerns about possible improprieties in matters of financial reporting or other matters in confidence, and that there is an independent investigation and appropriate follow-up action; and
- considers other matters as requested by the Board.

## Corporate Governance (cont'd)

### PRINCIPLE 11: AUDIT COMMITTEE (CONT'D)

The Audit Committee is authorised to investigate any matter within its terms of reference, and has full access to Management and also full discretion to invite any Director or Executive to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly. The Audit Committee meets with the external auditors without the presence of Management, at least once a year.

The Group has put in place a whistle-blowing policy. This policy provides well-defined and accessible channels through which employees, in confidence and good faith, without fear of reprisal, may report concerns about possible improprieties in matters of financial reporting or other matters within the Group. Details of the policy are posted on the Group's intranet for employees' easy reference.

### PRINCIPLE 12: INTERNAL CONTROLS

***The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.***

The Directors recognise that they have the overall responsibility to ensure accurate financial reporting and adequate system of internal controls for the Group, including financial, operational, compliance controls and risk management policies and systems.

The Group has adopted an entity-wide risk assessment framework to enhance its risk management capabilities. Key risks, control measures and management actions are identified by Management and reviewed annually by the Audit Committee. The Board through the Audit Committee and Management continues to improve and enhance the risk assessment framework. Based on the work performed by the internal auditors, the statutory audit by the external auditors and reviews performed by Management, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group has adequate and effective risk management systems and internal controls in place to mitigate critical and significant risks in the following areas: Financial, Operational and Compliance Risks.

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

### PRINCIPLE 13: INTERNAL AUDIT

***The company should establish an internal audit function that is independent of the activities it audits.***

The Group has an internal audit function that is independent of the activities it audits. The internal auditors report to the Chairman of the Audit Committee functionally and to the Executive Chairman administratively.

The department performing the internal audit function has adopted and complied with the Standards for the Professional Practice of Internal Auditing by The Institute of Internal Auditors. It operates within the framework stated in its Internal Audit Charter which is approved by the Audit Committee. It adopts a risk-based audit methodology to develop its audit plans which align its activities to key risks across the Group. Based on risk assessments performed, greater focus and appropriate review intervals are set for higher risk activities and material internal controls, including compliance with the Group's policies, procedures and regulatory responsibilities. The internal audit plans are reviewed and approved by the Audit Committee.

The Audit Committee will ensure that the department performing the internal audit function has adequate resources and appropriate standing within the Group to perform its function effectively. The Committee will assess the effectiveness of the internal audit function on an annual basis by examining:

- the scope of the internal auditors' work;
- the quality of the auditors' reports;
- the auditors' relationship with external auditors; and
- the auditors' independence of the areas reviewed.

## Corporate Governance (cont'd)

### PRINCIPLES 14 AND 15: COMMUNICATION WITH SHAREHOLDERS

*Companies should engage in regular, effective and fair communication with shareholders.*

*Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.*

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST's Listing Rules and the Singapore Companies Act, the Board's policy is that the Company's shareholders are informed of all major developments that impact the Group.

Information is communicated to shareholders on a timely basis. Where there is inadvertent disclosure made to a select group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Companies Act and Singapore Financial Reporting Standards;
- financial statements containing a summary of the financial information and affairs of the Group for the period;
- notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings;
- press and analyst briefings for the Group's quarterly and annual results as well as other briefings, as appropriate;
- press releases on major developments of the Group;
- disclosures to the SGX-ST; and
- the Group's website at <http://www.rafflesmedicalgroup.com> at which shareholders can access information on the Group. The website provides inter alia, corporate announcements, press releases, annual reports and a profile of the Group.

In addition, shareholders are encouraged to attend the Annual General Meeting to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The Annual General Meeting is the principal forum for dialogue with shareholders.

The notice of the Annual General Meeting is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues at the Annual General Meeting. The Chairmen of the Audit and the Nomination & Compensation Committees are normally available at the meeting to answer those questions relating to the work of these Committees. The external auditors are normally available to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.



## Additional Information Required By The Singapore Exchange Securities Trading Limited

### MATERIAL CONTRACTS

There are no material contracts entered into by the Company or any of its subsidiaries involving the interests of the Chief Executive Officer, any Director or controlling shareholder.

### DEALINGS IN SECURITIES

In line with the best practices on dealing in securities set out in the SGX-ST Listing Manual, the Group requires all Directors and Management not to trade in the Company's securities during the period beginning two weeks and a month before the date of the announcement of the quarterly and full year results respectively and ending on the date of the announcement of the relevant results.

The Directors and Management are not expected to deal in the Company's securities on considerations of a short term nature. They are required to observe insider trading provisions under the Securities and Futures Act at all times even when dealing in the Company's securities within the permitted periods. Directors of the Company are required to report all dealings to the Company Secretary.

### STATEMENT OF RISK MANAGEMENT

The Group has adopted an entity-wide risk assessment framework to identify, evaluate and control all key risks on a coordinated and integrated basis. Business Units are involved in identifying and evaluating risks from the bottom up and these risks are then reviewed at the Group level to provide a top down perspective as well. Key risks, control measures and management actions identified by Management are reviewed annually by the Audit Committee.

Under the framework, the risks are prioritised and Business Units use both preventive and mitigation controls to manage risk exposures within prescribed tolerance limits. These risk management activities are carried out periodically as embedded organisational processes within the Group.

Having reviewed the risk management practices and policies of the Group, the Board has not found anything to suggest that risks are not being satisfactorily managed.

# Financial Report

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# Directors' Report

YEAR ENDED 31 DECEMBER 2012

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2012.

## DIRECTORS

The directors in office at the date of this report are as follows:

Dr Loo Choon Yong  
Mr Tan Soo Nan  
Associate Professor Wee Beng Geok  
Professor Lim Pin  
Mr Lim Tse Ghow Olivier  
Mr Koh Poh Tiong  
Mr Kee Teck Koon (Appointed on 3 January 2012)

## DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in a related corporation are as follows:

| The Company                       | Holdings in the name of the director, spouse or infant children |                    | Other holdings in which the director is deemed to have an interest |                    |
|-----------------------------------|---|--------------------|--|--------------------|
|                                   | At beginning of the year  | At end of the year | At beginning of the year   | At end of the year |
| <b>Ordinary Shares</b>            |   |                    |  |                    |
| Dr Loo Choon Yong                 | 54,960,045  | 55,764,339         | 227,006,609  | 230,328,657        |
| Mr Tan Soo Nan                    | 1,045,000   | 1,143,000          | –  | –                  |
| Associate Professor Wee Beng Geok | 903,000   | 903,000            | –  | –                  |
| Professor Lim Pin                 | 364,000   | 499,327            | –  | –                  |
| Mr Koh Poh Tiong                  | 30,000  | 30,000             | –  | –                  |

| The Company                       | At beginning of the year/ date of appointment   | At end of the year | Option price per share | Date of grant |
|-----------------------------------|---|--------------------|------------------------|---------------|
|                                   | <b>Options to subscribe for ordinary shares</b> |                    |                        |               |
| Mr Tan Soo Nan                    | 50,000  | –                  | \$1.14                 | 02/04/2007    |
|                                   | 48,000  | –                  | \$1.24                 | 01/04/2008    |
|                                   | 120,000   | 120,000            | \$0.78                 | 01/04/2009    |
|                                   | 70,000  | 70,000             | \$1.66                 | 01/04/2010    |
|                                   | 70,000  | 70,000             | \$2.20                 | 01/04/2011    |
|                                   | –   | 80,000             | \$2.34                 | 02/04/2012    |
| Associate Professor Wee Beng Geok | 48,000  | 48,000             | \$1.24                 | 01/04/2008    |
|                                   | 120,000   | 120,000            | \$0.78                 | 01/04/2009    |
|                                   | 70,000  | 70,000             | \$1.66                 | 01/04/2010    |
|                                   | 70,000  | 70,000             | \$2.20                 | 01/04/2011    |
|                                   | –   | 80,000             | \$2.34                 | 02/04/2012    |



## Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2012

### DIRECTORS' INTERESTS (CONT'D)

| The Company   | At beginning<br>of the year/<br>date of<br>appointment | At end<br>of the year | Option<br>price<br>per share | Date<br>of grant      |
|---|--|-----------------------|------------------------------|-----------------------|
| <b>Options to subscribe for ordinary shares</b>                           |  |                       |                              |                       |
| Professor Lim Pin   | 70,000   | –                     | \$0.78                       | 01/04/2009            |
|   | 60,000   | –                     | \$1.66                       | 01/04/2010            |
|   | 60,000   | 60,000                | \$2.20                       | 01/04/2011            |
|   | –  | 70,000                | \$2.34                       | 02/04/2012            |
| Mr Lim Tse Ghow Olivier   | 20,000   | 20,000                | \$1.66                       | 01/04/2010            |
|   | 60,000   | 60,000                | \$2.20                       | 01/04/2011            |
|   | –  | 60,000                | \$2.34                       | 02/04/2012            |
| Mr Koh Poh Tiong  | –  | 20,000                | \$2.34                       | 02/04/2012            |
| Mr Kee Teck Koon  | –  | 20,000                | \$2.34                       | 02/04/2012            |
| <b>Holdings in the name of the director, spouse or infant children</b>    |  |                       |                              |                       |
| <b>Other holdings in which the director is deemed to have an interest</b> |  |                       |                              |                       |
| Immediate Holding Company   | At beginning<br>of the year                            | At end<br>of the year | At beginning<br>of the year  | At end<br>of the year |

#### Ordinary Shares

#### *Raffles Medical Holdings Pte Ltd*

|                   |         |         |   |   |
|-------------------|---------|---------|---|---|
| Dr Loo Choon Yong | 100,000 | 100,000 | – | – |
|-------------------|---------|---------|---|---|

The options in the Company granted in 2008 to 2012 are exercisable during a period commencing 12 months from the Date of Grant for the first 30,000 shares, 24 months from the Date of Grant for the next 30,000 shares and the balance after 36 months and expires at the end of 60 months from the Date of Grant.

By virtue of Section 7 of the Act, Dr Loo Choon Yong is deemed to have an interest in all of the wholly-owned subsidiaries of Raffles Medical Group Ltd at the beginning and at the end of the financial year.

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2013.

Except as disclosed under the "Share Options" section of this report, 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, debentures, warrants or share options of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in notes 24 and 25 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

# Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2012

## SHARE OPTIONS

### Employees' Share Option Scheme

#### Raffles Medical Group (2000) Share Option Scheme

- (1) On 31 October 2000, the shareholders of the Company approved the Raffles Medical Group (2000) Share Option Scheme (RMG 2000 Scheme) at the Extraordinary General Meeting. Details of the RMG 2000 Scheme were set out in the Directors' Report for the financial year ended 31 December 2000.

- (2) The RMG 2000 Scheme is administered by the Nomination & Compensation Committee (Committee) comprising the following directors:

Associate Professor Wee Beng Geok  
Dr Loo Choon Yong  
Professor Lim Pin

Dr Loo Choon Yong is not a participant in the scheme.

- (3) No additional options were granted pursuant to the RMG 2000 Scheme for the financial year ended 31 December 2012.
- (4) As at 31 December 2012, outstanding options to take up unissued ordinary shares in the Company under the RMG 2000 Scheme were as follows:

| Date of grant of options | Exercise price per share | Options outstanding at 1 January 2012 | Options exercised | Options forfeited/expired | Options outstanding at 31 December 2012 | Number of option holders at 31 December 2012 |
|--------------------------|--------------------------|---------------------------------------|-------------------|---------------------------|---|--|
| 08/04/2002               | \$0.230                  | 232,000                               | 216,000           | 16,000                    | –                                       | –  |
| 31/03/2003               | \$0.185                  | 298,000                               | 158,000           | 1,000                     | 139,000                                 | 3  |
| 01/04/2004               | \$0.330                  | 502,000                               | 242,000           | 34,000                    | 226,000                                 | 9  |
| 01/04/2005               | \$0.420                  | 759,000                               | 309,000           | 75,000                    | 375,000                                 | 15   |
| 03/04/2006               | \$0.680-\$0.710          | 1,402,000                             | 280,000           | 55,000                    | 1,067,000                               | 30   |
| 02/04/2007               | \$1.140-\$1.150          | 1,722,000                             | 457,000           | 48,000                    | 1,217,000                               | 71   |
| 01/04/2008               | \$1.240                  | 1,686,000                             | 420,000           | 45,000                    | 1,221,000                               | 99   |
| 01/04/2009               | \$0.780                  | 4,232,000                             | 1,276,000         | 348,000                   | 2,608,000                               | 96   |
| 01/04/2010               | \$1.660                  | 4,516,000                             | 836,000           | 232,000                   | 3,448,000                               | 192  |
|                          |                          | 15,349,000                            | 4,194,000         | 854,000                   | 10,301,000                              |  |

- (5) No options have been granted to controlling shareholders of the Company and their associated companies and parent group employees. No participant has received 5% or more of the total number of options available under the Scheme. There is no discount granted to the subscription price of the option compared to the last dealt price for three consecutive market days preceding to the date of the option.

# Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2012

## SHARE OPTIONS (CONT'D)

### *Employees' Share Option Scheme (cont'd)*

### *Raffles Medical Group (2000) Share Option Scheme (cont'd)*

(6) The following are details of options granted to Directors:

| Name of participant                    | Aggregate options granted since commencement of Scheme to 31 December 2012 | Aggregate options exercised since commencement of Scheme to 31 December 2012 | Aggregate options outstanding as at 31 December 2012 |
|--|--|--|--|
| <b><i>Directors of the Company</i></b> |  |  |  |
| Mr Tan Soo Nan                         | 1,238,000  | 1,048,000  | 190,000  |
| Associate Professor Wee Beng Geok      | 1,138,000  | 900,000  | 238,000  |
| Professor Lim Pin                      | 968,000  | 968,000  | –  |
| Mr Lim Tse Ghaw Olivier                | 20,000   | –  | 20,000   |
| Total                                  | 3,364,000  | 2,916,000  | 448,000  |

(7) Statutory information regarding the above options is as follows:

(a) Options are exercisable in whole or in part:

- (i) in relation to shares for which the subscription price is determined on market value, a period commencing on such date in respect of such proportion of the option amount as the Committee may prescribe (but which shall in any event be no earlier than the date immediately after the first anniversary of the Date of Grant) and ending on the date immediately before the tenth anniversary of such Date of Grant for an employee and ending on the date immediately before the fifth anniversary of such Date of Grant for a non-employee; and
- (ii) in relation to shares for which the subscription price is determined at a discount to market value, a period commencing on such date in respect of such proportion of the option amount as the Committee may prescribe (but which shall in any event be no earlier than the date immediately after the second anniversary of the Date of Grant) and ending on the date immediately before the tenth anniversary of such Date of Grant for an employee and ending on the date immediately before the fifth anniversary of such Date of Grant for a non-employee.

(b) The number of shares which may be acquired by a participant and the exercise price are subject to adjustment, by reason of any issue of additional shares in the Company by way of rights or capitalisation of profits or reserves made which an option remains unexercised.

### ***Raffles Medical Group (2010) Share Option Scheme***

- (1) At the Annual General Meeting held on 30 April 2010, the shareholders of the Company adopted the Raffles Medical Group (2010) Share Option Scheme (RMG 2010 Scheme) for the Company. The existing RMG 2000 Scheme was concurrently terminated. The termination of the RMG 2000 Scheme will, however, not affect the subscription rights comprised in options granted pursuant to the RMG 2000 Scheme prior to the termination. Such options will continue to be exercisable in accordance with the rules of the RMG 2000 Scheme. However, no further options will be granted under the RMG 2000 Scheme.
- (2) Under the terms of the RMG 2010 Scheme, the committee (Committee) of directors administering the Scheme may make offers of the grant of options to eligible persons to subscribe for shares at a subscription price set at the market price or at a discount of the market price on the capital of the Company, subject inter alia to the following:
  - (a) the aggregate number of shares over which options may be granted when added to the number of shares issued and issuable in respect of all options granted under the RMG 2010 Scheme and in respect of all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued shares (excluding treasury shares) of the Company on the date preceding the offer date of an option.



# Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2012

## SHARE OPTIONS (CONT'D)

### *Employees' Share Option Scheme (cont'd)*

#### *Raffles Medical Group (2010) Share Option Scheme (cont'd)*

- (b) the number of shares to be offered to any Group employee in accordance with the RMG 2010 Scheme shall be determined at the absolute discretion of the Committee, who shall take into account (where applicable) criteria such as rank, responsibilities, past performance, length of service, contributions to the Group and potential for future development of that Group employee, provided that in relation to Controlling Shareholder(s) or their Associates:
  - (i) the aggregate number of shares which may be offered by way of grant of options to Group employees who are Controlling Shareholder(s) and/or their Associates shall not exceed 25% of the total number of shares available under the RMG 2010 Scheme; and
  - (ii) the aggregate number of shares which may be offered by way of grant of options to each Group employee who is a Controlling Shareholder or his Associate shall not exceed 10% of the total number of shares available under the RMG 2010 Scheme.
- (3) Subject to any adjustment pursuant to any variation of the share capital of the Company, the subscription price for each share under the RMG 2010 Scheme shall be:
  - (a) a price equal to the average of the last dealt prices for a share, as determined by reference to the daily official list or other publication published by the Singapore Exchange Securities Trading Limited for the three consecutive market days immediately preceding the offer date of that option, rounded up to the nearest whole cent, provided that in the case of a Market Price Option that is proposed to be granted to a Controlling Shareholder or an Associate of a Controlling Shareholder, the Subscription Price for each share shall be equal to the average of the last dealt price(s) for a share, as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited, for the three consecutive market days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the Shareholders proposing to seek their approval of the grant of such options to such Controlling Shareholder and/or Associate of a Controlling Shareholder; or
  - (b) the discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above, and
  - (c) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of options at a discount not exceeding the maximum discount in a separate resolution (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of options under the RMG 2010 Scheme at such discount for the duration of the RMG 2010 Scheme).
  - (d) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the discount exceeding 20% of the market price if it is prescribed or permitted for the time being by the Singapore Exchange Securities Trading Limited.
- (4) Under the RMG 2010 Scheme, an option may be exercised in whole or in part only in respect of 1,000 shares or any multiple thereof:
  - (a) in relation to shares for which the subscription price is determined on market value, during the period commencing after the first anniversary of the offer date and expiring on the tenth anniversary of such offer date; and
  - (b) in relation to shares for which the subscription price is determined at a discount to the market value, during the period commencing after the second anniversary of the offer date and expiring on the tenth anniversary of such offer date.

Save that the option period for an option granted to a participant, who is a non-executive director (including independent director) of any member of the Group or a permanent part-time visiting consultant specialist contracted or engaged for service on a regular basis by the Group but whose hours of work is not full-time, shall expire on the fifth anniversary of the Date of Grant.
- (5) The RMG 2010 Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten years from 30 April 2010 provided always that the RMG 2010 Scheme may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and any of the relevant authorities which may then be required.
- (6) The RMG 2010 Scheme is administered by a committee comprising Directors of the Company duly authorised and appointed by the Board to administer the RMG 2010 Scheme.

# Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2012

## SHARE OPTIONS (CONT'D)

### Employees' Share Option Scheme (cont'd)

#### Raffles Medical Group (2010) Share Option Scheme (cont'd)

(7) The Committee, at the date of this report, administering the RMG 2010 Scheme comprises the following directors:

Associate Professor Wee Beng Geok  
Professor Lim Pin  
Dr Loo Choon Yong

(8) On 2 April 2012, additional options were granted pursuant to the RMG 2010 Scheme to subscribe for ordinary shares at an exercise price of \$2.34 as follows:

|  | Company          |
|--|------------------|
| Directors of the Company and Executive Directors of the subsidiaries | 970,000          |
| Other participants   | 5,030,000        |
|  | <u>6,000,000</u> |

(9) No options have been granted to controlling shareholders of the Company and their associated companies and parent group employees. No participant has received 5% or more of the total number of options available under the Scheme. There is no discount granted to the subscription price of the option compared to the last dealt price for three consecutive market days preceding to the date of the option.

(10) As at 31 December 2012, outstanding options to take up unissued ordinary shares in the Company under the RMG 2010 Scheme were as follows:

| Date of grant of options | Exercise price per share | Options outstanding at 1 January 2012 | Options granted  | Options exercised | Options forfeited/expired | Options outstanding at 31 December 2012 | Number of option holders at 31 December 2012 |
|--------------------------|--------------------------|---------------------------------------|------------------|-------------------|---------------------------|---|--|
| 01/04/2011               | \$2.20                   | 4,762,000                             | –                | 224,000           | 496,000                   | 4,042,000                               | 275  |
| 02/04/2012               | \$2.34                   | –                                     | 6,000,000        | –                 | 377,000                   | 5,623,000                               | 394  |
|                          |                          | <u>4,762,000</u>                      | <u>6,000,000</u> | <u>224,000</u>    | <u>873,000</u>            | <u>9,665,000</u>                        |  |

(11) The following are details of options granted to Directors:

| Name of participant               | Options granted for financial year ended 31 December 2012 | Aggregate options granted since commencement of Scheme to 31 December 2012 | Aggregate options exercised since commencement of Scheme to 31 December 2012 | Aggregate options outstanding as at 31 December 2012 |
|-----------------------------------|---|--|--|--|
| <b>Directors of the Company</b>   |   |  |  |  |
| Mr Tan Soo Nan                    | 80,000  | 150,000  | –  | 150,000  |
| Associate Professor Wee Beng Geok | 80,000  | 150,000  | –  | 150,000  |
| Professor Lim Pin                 | 70,000  | 130,000  | –  | 130,000  |
| Mr Lim Tse Ghov Olivier           | 60,000  | 120,000  | –  | 120,000  |
| Mr Koh Poh Tiong                  | 20,000  | 20,000   | –  | 20,000   |
| Mr Kee Teck Koon                  | 20,000  | 20,000   | –  | 20,000   |
| Total                             | <u>330,000</u>  | <u>590,000</u>   | <u>–</u>   | <u>590,000</u>                                       |

Save as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any other company.

## Directors' Report (cont'd)

YEAR ENDED 31 DECEMBER 2012

### AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report are as follows:

- Mr Tan Soo Nan (Chairman), Non-executive Director
- Associate Professor Wee Beng Geok, Non-executive Director
- Dr Loo Choon Yong, Executive Director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work and the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee has confirmed that it has undertaken a review of all non-audit services provided by the auditors and they would not, in the audit committee's opinion, affect the independence of the auditors. It has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

### AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



**Dr Loo Choon Yong**  
*Chairman*



**Mr Tan Soo Nan**  
*Director*

23 February 2013

## Statement by Directors

YEAR ENDED 31 DECEMBER 2012

***In our opinion:***

- (a) the financial statements set out on pages 48 to 92 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



**Dr Loo Choon Yong**

*Chairman*



**Mr Tan Soo Nan**

*Director*

23 February 2013



# Independent Auditors' Report

Members of the Company  
Raffles Medical Group Ltd

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Raffles Medical Group Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2012, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 92.

### *Management's responsibility for the financial statements*

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

### *Auditors' responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

### **KPMG LLP**

Public Accountants and  
Certified Public Accountants

### **Singapore**

23 February 2013

# Statements of Financial Position

YEAR ENDED 31 DECEMBER 2012

|   | Note | Group          |                | Company        |                |
|---|------|----------------|----------------|----------------|----------------|
|   |      | 2012<br>\$'000 | 2011<br>\$'000 | 2012<br>\$'000 | 2011<br>\$'000 |
| <b>Non-current assets</b>                           |      |                |                |                |                |
| Property, plant and equipment                       | 4    | 153,888        | 141,896        | 4,155          | 3,242          |
| Intangible assets                                   | 5    | 164            | 316            | 93             | 245            |
| Investment properties                               | 6    | 194,500        | 199,700        | –              | –              |
| Subsidiaries  | 26   | –              | –              | 263,070        | 258,985        |
|   |      | 348,552        | 341,912        | 267,318        | 262,472        |
| <b>Current assets</b>                               |      |                |                |                |                |
| Inventories   |      | 5,442          | 5,136          | 1,270          | 1,356          |
| Trade and other receivables                         | 7    | 38,169         | 31,855         | 66,236         | 64,563         |
| Cash and cash equivalents                           | 8    | 102,482        | 49,691         | 77,223         | 28,860         |
|   |      | 146,093        | 86,682         | 144,729        | 94,779         |
| <b>Total assets</b>                                 |      | 494,645        | 428,594        | 412,047        | 357,251        |
| <b>Equity attributable to owners of the Company</b> |      |                |                |                |                |
| Share capital                                       | 9    | 207,188        | 190,344        | 207,188        | 190,344        |
| Reserves  | 9    | 181,234        | 143,663        | 105,395        | 78,885         |
|   |      | 388,422        | 334,007        | 312,583        | 269,229        |
| <b>Non-controlling interests</b>                    |      | 994            | 702            | –              | –              |
| <b>Total equity</b>                                 |      | 389,416        | 334,709        | 312,583        | 269,229        |
| <b>Non-current liabilities</b>                      |      |                |                |                |                |
| Deferred tax liabilities                            | 11   | 1,670          | 1,579          | 302            | 359            |
| Interest-bearing liabilities                        | 14   | –              | 16,000         | –              | –              |
|   |      | 1,670          | 17,579         | 302            | 359            |
| <b>Current liabilities</b>                          |      |                |                |                |                |
| Trade and other payables                            | 12   | 66,318         | 54,746         | 94,372         | 82,364         |
| Insurance contract provisions                       | 13   | 6,162          | 5,019          | –              | –              |
| Interest-bearing liabilities                        | 14   | 19,747         | 5,451          | 3,747          | 3,451          |
| Current tax payable                                 |      | 11,332         | 11,090         | 1,043          | 1,848          |
|   |      | 103,559        | 76,306         | 99,162         | 87,663         |
| <b>Total liabilities</b>                            |      | 105,229        | 93,885         | 99,464         | 88,022         |
| <b>Total equity and liabilities</b>                 |      | 494,645        | 428,594        | 412,047        | 357,251        |

The accompanying notes form an integral part of these financial statements.

# Consolidated Income Statement

YEAR ENDED 31 DECEMBER 2012

|   | Note | 2012<br>\$'000 | 2011<br>\$'000 |
|---|------|----------------|----------------|
| Revenue                                       |      | 311,633        | 272,783        |
| Other operating income                        |      | 4,026          | 2,180          |
| Inventories and consumables used              |      | (38,736)       | (32,254)       |
| Purchased and contracted services             |      | (22,386)       | (19,231)       |
| Staff costs                                   |      | (152,275)      | (133,046)      |
| Depreciation of property, plant and equipment |      | (7,903)        | (7,240)        |
| Operating lease expenses                      |      | (7,165)        | (5,867)        |
| Other operating expenses                      |      | (20,839)       | (17,815)       |
| <b>Profit from operating activities</b>       |      | 66,355         | 59,510         |
| Finance income                                |      | 465            | 182            |
| Finance expenses                              |      | (235)          | (252)          |
| <b>Profit before tax</b>                      |      | 66,585         | 59,440         |
| Tax expense                                   | 17   | (9,376)        | (8,819)        |
| <b>Profit for the year</b>                    | 16   | 57,209         | 50,621         |
| <b>Attributable to:</b>                       |      |                |                |
| Owners of the Company                         |      | 56,849         | 50,396         |
| Non-controlling interests                     |      | 360            | 225            |
| <b>Profit for the year</b>                    |      | 57,209         | 50,621         |
| <b>Earnings per share (cents)</b>             | 18   |                |                |
| <b>Basic</b>                                  |      | 10.53          | 9.50           |
| <b>Diluted</b>                                |      | 10.42          | 9.36           |

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2012

|   | 2012<br>\$'000 | 2011<br>\$'000 |
|---|----------------|----------------|
| <b>Profit for the year</b>                                      | 57,209         | 50,621         |
| <b>Other comprehensive income</b>                               |                |                |
| Foreign currency translation differences for foreign operations | 32             | (170)          |
| <b>Total comprehensive income for the year</b>                  | <u>57,241</u>  | <u>50,451</u>  |
| <b>Attributable to:</b>   |                |                |
| Owners of the Company   | 56,881         | 50,226         |
| Non-controlling interests                                       | 360            | 225            |
| <b>Total comprehensive income for the year</b>                  | <u>57,241</u>  | <u>50,451</u>  |

*The accompanying notes form an integral part of these financial statements.*



# Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2012

| Group   | Share capital<br>\$'000 | Currency translation reserve<br>\$'000 | Share option reserve<br>\$'000 | Accumulated profits<br>\$'000 | Total attributable to owners of the Company<br>\$'000 | Non-controlling interests<br>\$'000 | Total equity<br>\$'000 |
|---|-------------------------|--|--------------------------------|-------------------------------|---|-------------------------------------|------------------------|
| <b>At 1 January 2011</b>  | 177,006                 | 53                                     | 7,781                          | 101,580                       | 286,420   | 542                                 | 286,962                |
| <b>Comprehensive income for the year</b>  |                         |  |                                |                               |   |                                     |                        |
| Profit for the year   | -                       | -                                      | -                              | 50,396                        | 50,396  | 225                                 | 50,621                 |
| <b>Other comprehensive income</b>   |                         |  |                                |                               |   |                                     |                        |
| Foreign currency translation differences for foreign operations   | -                       | (170)                                  | -                              | -                             | (170)   | -                                   | (170)                  |
| <b>Total comprehensive income for the year</b>  | -                       | (170)                                  | -                              | 50,396                        | 50,226  | 225                                 | 50,451                 |
| <b>Transactions with owners, recorded directly in equity</b>  |                         |  |                                |                               |   |                                     |                        |
| <b>Contributions by and distributions to owners</b>   |                         |  |                                |                               |   |                                     |                        |
| Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme                               | 3,499                   | -                                      | -                              | -                             | 3,499   | -                                   | 3,499                  |
| Issue of shares in lieu of cash dividends of 2.5 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme | 9,839                   | -                                      | -                              | -                             | 9,839   | -                                   | 9,839                  |
| Value of employee services received for issue of share options  | -                       | -                                      | 2,558                          | -                             | 2,558   | -                                   | 2,558                  |
| Final dividend paid of 2.5 cents per ordinary share - Cash  | -                       | -                                      | -                              | (3,359)                       | (3,359)   | -                                   | (3,359)                |
| Final dividend paid of 2.5 cents per ordinary share - Scrip   | -                       | -                                      | -                              | (9,839)                       | (9,839)   | -                                   | (9,839)                |
| Interim dividend paid of 1.0 cent per ordinary share - Cash   | -                       | -                                      | -                              | (5,337)                       | (5,337)   | -                                   | (5,337)                |
| Dividends distributed to non-controlling shareholder of a subsidiary  | -                       | -                                      | -                              | -                             | -   | (65)                                | (65)                   |
| <b>Total contributions by and distributions to owners</b>   | 13,338                  | -                                      | 2,558                          | (18,535)                      | (2,639)   | (65)                                | (2,704)                |
| <b>At 31 December 2011</b>  | 190,344                 | (117)                                  | 10,339                         | 133,441                       | 334,007   | 702                                 | 334,709                |

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity (cont'd)

YEAR ENDED 31 DECEMBER 2012

| Group   | Share capital<br>\$'000 | Currency translation<br>reserve<br>\$'000 | Share option<br>reserve<br>\$'000 | Accumulated<br>profits<br>\$'000 | Total<br>attributable<br>to owners of<br>the Company<br>\$'000 | Non-<br>controlling<br>interests<br>\$'000 | Total<br>equity<br>\$'000 |
|---|-------------------------|---|-----------------------------------|----------------------------------|--|--|---------------------------|
| <b>At 1 January 2012</b>  | 190,344                 | (117)                                     | 10,339                            | 133,441                          | 334,007  | 702  | 334,709                   |
| <b>Comprehensive income for the year</b>  |                         |   |                                   |                                  |  |  |                           |
| Profit for the year   | -                       | -   | -                                 | 56,849                           | 56,849   | 360  | 57,209                    |
| <b>Other comprehensive income</b>   |                         |   |                                   |                                  |  |  |                           |
| Foreign currency translation differences for foreign operations   | -                       | 32  | -                                 | -                                | 32   | -  | 32                        |
| <b>Total comprehensive income for the year</b>  | -                       | 32  | -                                 | 56,849                           | 56,881   | 360  | 57,241                    |
| <b>Transactions with owners, recorded directly in equity</b>  |                         |   |                                   |                                  |  |  |                           |
| <b>Contributions by and distributions to owners</b>   |                         |   |                                   |                                  |  |  |                           |
| Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme                               | 4,409                   | -   | -                                 | -                                | 4,409  | -  | 4,409                     |
| Issue of shares in lieu of cash dividends of 3.0 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme | 12,435                  | -   | -                                 | -                                | 12,435   | -  | 12,435                    |
| Value of employee services received for issue of share options  | -                       | -   | 2,236                             | -                                | 2,236  | -  | 2,236                     |
| Final dividend paid of 3.0 cents per ordinary share - Cash  | -                       | -   | -                                 | (3,673)                          | (3,673)  | -  | (3,673)                   |
| Final dividend paid of 3.0 cents per ordinary share - Scrip   | -                       | -   | -                                 | (12,435)                         | (12,435)   | -  | (12,435)                  |
| Interim dividend paid of 1.0 cent per ordinary share - Cash   | -                       | -   | -                                 | (5,438)                          | (5,438)  | -  | (5,438)                   |
| Dividends distributed to non-controlling shareholder of a subsidiary  | -                       | -   | -                                 | -                                | -  | (68)                                       | (68)                      |
| <b>Total contributions by and distributions to owners</b>   | 16,844                  | -   | 2,236                             | (21,546)                         | (2,466)  | (68)                                       | (2,534)                   |
| <b>At 31 December 2012</b>  | 207,188                 | (85)                                      | 12,575                            | 168,744                          | 388,422  | 994  | 389,416                   |

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2012

|  | Note | 2012<br>\$'000 | 2011<br>\$'000 |
|--|------|----------------|----------------|
| <b>Cash flows from operating activities</b>                          |      |                |                |
| Profit before tax  |      | 66,585         | 59,440         |
| <i>Adjustments for:</i>  |      |                |                |
| Change in fair value of investment properties                        |      | (3,938)        | (2,174)        |
| Depreciation of property, plant and equipment                        |      | 7,903          | 7,240          |
| Equity-settled share-based payment transactions                      |      | 2,236          | 2,558          |
| Finance expenses   |      | 235            | 252            |
| Finance income   |      | (465)          | (182)          |
| Gain on disposal of property, plant and equipment                    |      | (88)           | (6)            |
| Impairment of intangible assets                                      |      | 152            | –              |
| Property, plant and equipment written off                            |      | 102            | 155            |
|  |      | 72,722         | 67,283         |
| <i>Changes in working capital:</i>                                   |      |                |                |
| Inventories  |      | (306)          | (53)           |
| Trade and other receivables  |      | (6,228)        | (5,803)        |
| Trade and other payables   |      | 11,434         | 8,110          |
| Insurance contract provisions  |      | 1,143          | 424            |
| Cash generated from operations                                       |      | 78,765         | 69,961         |
| Taxes paid   |      | (9,043)        | (6,494)        |
| Interest paid  |      | (177)          | (209)          |
| <b>Net cash from operating activities</b>                            |      | 69,545         | 63,258         |
| <b>Cash flows from investing activities</b>                          |      |                |                |
| Interest received  |      | 379            | 196            |
| Proceeds from sale of property, plant and equipment                  |      | 97             | 9              |
| Purchase of property, plant and equipment                            |      | (9,737)        | (5,017)        |
| Purchase of investment properties                                    |      | –              | (109,526)      |
| Payment for development related cost of investment property          |      | (1,200)        | –              |
| <b>Net cash used in investing activities</b>                         |      | (10,461)       | (114,338)      |
| <b>Cash flows from financing activities</b>                          |      |                |                |
| Dividends paid to owners of the Company                              |      | (9,111)        | (8,696)        |
| Dividends paid to non-controlling shareholder of the subsidiary      |      | (68)           | (65)           |
| Proceeds from issue of shares under share option scheme              |      | 4,409          | 3,499          |
| Proceeds from bank loan  |      | 19,188         | 21,385         |
| Repayment of bank loan   |      | (20,668)       | (22,527)       |
| <b>Net cash used in financing activities</b>                         |      | (6,250)        | (6,404)        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>          |      | 52,834         | (57,484)       |
| Cash and cash equivalents at 1 January                               |      | 49,691         | 107,137        |
| Effect of exchange rate changes on balances held in foreign currency |      | (43)           | 38             |
| <b>Cash and cash equivalents at 31 December</b>                      | 8    | 102,482        | 49,691         |

The accompanying notes form an integral part of these financial statements.

# Notes to the Financial Statements

YEAR ENDED 31 DECEMBER 2012

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 February 2013.

## 1 DOMICILE AND ACTIVITIES

Raffles Medical Group Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 585 North Bridge Road, Raffles Hospital #11-00, Singapore 188770.

The principal activities of the Company are those relating to the operation of medical clinics and other general medical services. The Company is the sole proprietor of the following:

- RafflesCare
- Raffles Airport Medical Centre
- Raffles Corporate Wellness
- Raffles Dental Surgery
- Raffles Healthcare Consultancy
- Raffles Health Screeners
- Raffles Labs
- Raffles Medihelp
- Raffles Optica
- Raffles Pharmacare
- Raffles Pharmacy
- Raffles Specialist Centre

The Company is also the partner for Changi Medical Services LLP.

All transactions of these sole proprietorships and partnerships are reflected in the financial statements of the Company. The principal activities of the subsidiaries are set out in Note 26 to the financial statements.

The immediate and ultimate holding company during the financial year is Raffles Medical Holdings Pte Ltd, which is incorporated in Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group).

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair value.

### 2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.



# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 2 BASIS OF PREPARATION (CONT'D)

### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4 – estimation of useful lives and recoverable amounts of property, plant and equipment
- Note 6 – valuation of investment properties
- Note 11 – utilisation of tax losses
- Note 13 – estimation of policy liabilities

### 2.5 Changes in accounting policies

With effect from 1 January 2012, the Group has adopted all the new and revised FRS and Interpretations to FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2012. The adoption of these FRS and INT FRS has no significant impact to the Group.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

### 3.1 Business of consolidation

#### ***Business combinations***

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
  - the recognised amount of any non-controlling interests in the acquiree; plus
  - if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,
- over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Business of consolidation (cont'd)

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

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

#### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### *Accounting for subsidiaries*

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

### 3.2 Foreign currency

#### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

#### *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Property, plant and equipment

#### *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gains or losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other operating income/expense in profit or loss.

#### *Subsequent costs*

The cost of replacing a part of a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative periods are as follows:

- |                          |                                      |
|--------------------------|--------------------------------------|
| • Leasehold land         | 99 years                             |
| • Leasehold properties   | 50 years                             |
| • Medical equipment      | 8 to 10 years                        |
| • Furniture and fittings | 10 years                             |
| • Office equipment       | 5 to 10 years                        |
| • Motor vehicles         | 10 years                             |
| • Computers              | 3 years                              |
| • Renovations            | Shorter of 6 years and term of lease |
| • Facilities equipment   | 10 years                             |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.4 Intangible assets

#### *Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1.

#### *Other intangible assets*

Other intangible assets, consist of (a) assignment fees that relate to amounts paid to secure the tenancy of certain clinic premises and (b) membership rights.

Assignment fees that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Membership rights that are acquired by the Group and have infinite useful lives are measured at cost less accumulated impairment losses.

#### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

#### *Amortisation*

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Assignment fees 10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### 3.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes acquisition costs, development expenditure, borrowing costs and other related expenditure.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.



# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised in the Group's statement of financial position at its fair value.

### 3.7 Financial instruments

#### *Non-derivative financial assets*

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables.

#### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits with original maturities of three months or less.

#### *Non-derivative financial liabilities*

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.7 Financial instruments (cont'd)

#### *Share capital*

##### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

### 3.8 Inventories

Inventories, comprising mainly pharmaceutical and medical supplies, are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

### 3.9 Impairment

#### *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, and indications that a debtor or issuer will enter bankruptcy.

##### *Loans and receivables*

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than investment property and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds recoverable amount.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.9 Impairment (cont'd)

#### *Non-financial assets (cont'd)*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.10 Employee benefits

#### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

#### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### *Share-based payment transactions*

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

### 3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.12 Revenue

##### *Services*

Revenue from services rendered is recognised in profit or loss upon provision of healthcare, hospital and insurance services.

##### *Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

#### 3.13 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### 3.14 Finance income and expenses

Finance income comprises interest income from bank deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprises interest expense on borrowings that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### 3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.



# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.15 Tax (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### 3.16 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

### 3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

### 3.18 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 4 PROPERTY, PLANT AND EQUIPMENT

| Group                                       | Leasehold land<br>\$'000 | Leasehold properties<br>\$'000 | Medical equipment<br>\$'000 | Furniture and fittings<br>\$'000 |       | Office equipment<br>\$'000 | Motor vehicles<br>\$'000 | Computers<br>\$'000 | Renovations<br>\$'000 | Facilities equipment<br>\$'000 | Total<br>\$'000 |
|---|--------------------------|--------------------------------|-----------------------------|----------------------------------|-------|----------------------------|--------------------------|---------------------|-----------------------|--------------------------------|-----------------|
|   |                          |                                |                             |                                  |       |                            |                          |                     |                       |                                |                 |
| <b>Cost</b>                                 |                          |                                |                             |                                  |       |                            |                          |                     |                       |                                |                 |
| At 1 January 2011                           | 83,012                   | 55,144                         | 24,678                      | 3,766                            | 935   | 585                        | 5,834                    | 7,737               | 1,778                 | 183,469                        |                 |
| Additions                                   | -                        | -                              | 2,809                       | 483                              | 78    | -                          | 661                      | 742                 | 244                   | 5,017                          |                 |
| Disposals                                   | -                        | -                              | (29)                        | (2)                              | -     | -                          | (1)                      | -                   | -                     | (32)                           |                 |
| Write-off                                   | -                        | -                              | (744)                       | (325)                            | (199) | (78)                       | (490)                    | (323)               | (2)                   | (2,161)                        |                 |
| Effect of movements in exchange rates       | -                        | -                              | (1)                         | 3                                | -     | -                          | 3                        | 26                  | -                     | 31                             |                 |
| At 31 December 2011                         | 83,012                   | 55,144                         | 26,713                      | 3,925                            | 814   | 507                        | 6,007                    | 8,182               | 2,020                 | 186,324                        |                 |
| Reclassification from investment properties | 6,571                    | 3,767                          | -                           | -                                | -     | -                          | -                        | -                   | -                     | 10,338                         |                 |
| Additions                                   | -                        | 245                            | 3,287                       | 1,005                            | 122   | 121                        | 3,180                    | 1,545               | 232                   | 9,737                          |                 |
| Disposals                                   | -                        | -                              | (61)                        | -                                | -     | (100)                      | (220)                    | -                   | (2)                   | (383)                          |                 |
| Write-off                                   | -                        | -                              | (308)                       | (203)                            | (78)  | -                          | (312)                    | (262)               | (15)                  | (1,178)                        |                 |
| Effect of movements in exchange rates       | -                        | -                              | (62)                        | (9)                              | (2)   | -                          | (3)                      | (68)                | -                     | (144)                          |                 |
| At 31 December 2012                         | 89,583                   | 59,156                         | 29,569                      | 4,718                            | 856   | 528                        | 8,652                    | 9,397               | 2,235                 | 204,694                        |                 |

During the financial year, premises previously leased to a third party became owner-occupied. Accordingly, a portion of the leasehold land and building previously classified under investment properties were transferred and categorised as property, plant and equipment.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group                                 | Leasehold land<br>\$'000 | Leasehold properties<br>\$'000 | Medical equipment<br>\$'000 | Furniture and fittings<br>\$'000 | Office equipment<br>\$'000 | Motor vehicles<br>\$'000 | Computers<br>\$'000 | Renovations<br>\$'000 | Facilities equipment<br>\$'000 | Total<br>\$'000 |
|---------------------------------------|--------------------------|--------------------------------|-----------------------------|----------------------------------|----------------------------|--------------------------|---------------------|-----------------------|--------------------------------|-----------------|
| <b>Accumulated depreciation</b>       |                          |                                |                             |                                  |                            |                          |                     |                       |                                |                 |
| At 1 January 2011                     | 3,835                    | 5,236                          | 16,020                      | 2,101                            | 687                        | 264                      | 4,544               | 5,225                 | 1,304                          | 39,216          |
| Depreciation charge for the year      | 1,180                    | 1,250                          | 2,164                       | 308                              | 89                         | 52                       | 796                 | 1,262                 | 139                            | 7,240           |
| Disposals                             | -                        | -                              | (27)                        | (1)                              | -                          | -                        | (1)                 | -                     | -                              | (29)            |
| Write-off                             | -                        | -                              | (682)                       | (276)                            | (182)                      | (66)                     | (490)               | (308)                 | (2)                            | (2,006)         |
| Effect of movements in exchange rates | -                        | -                              | (15)                        | 1                                | (1)                        | -                        | -                   | 22                    | -                              | 7               |
| At 31 December 2011                   | 5,015                    | 6,486                          | 17,460                      | 2,133                            | 593                        | 250                      | 4,849               | 6,201                 | 1,441                          | 44,428          |
| Depreciation charge for the year      | 1,279                    | 1,350                          | 2,273                       | 347                              | 99                         | 52                       | 1,059               | 1,337                 | 107                            | 7,903           |
| Disposals                             | -                        | -                              | (52)                        | -                                | -                          | (100)                    | (220)               | -                     | (2)                            | (374)           |
| Write-off                             | -                        | -                              | (280)                       | (168)                            | (65)                       | -                        | (301)               | (249)                 | (13)                           | (1,076)         |
| Effect of movements in exchange rates | -                        | -                              | (20)                        | (3)                              | (1)                        | -                        | (2)                 | (49)                  | -                              | (75)            |
| At 31 December 2012                   | 6,294                    | 7,836                          | 19,381                      | 2,309                            | 626                        | 202                      | 5,385               | 7,240                 | 1,533                          | 50,806          |
| <b>Carrying amount</b>                |                          |                                |                             |                                  |                            |                          |                     |                       |                                |                 |
| At 1 January 2011                     | 79,177                   | 49,908                         | 8,658                       | 1,665                            | 248                        | 321                      | 1,290               | 2,512                 | 474                            | 144,253         |
| At 31 December 2011                   | 77,997                   | 48,658                         | 9,253                       | 1,792                            | 221                        | 257                      | 1,158               | 1,981                 | 579                            | 141,896         |
| At 31 December 2012                   | 83,289                   | 51,320                         | 10,188                      | 2,409                            | 230                        | 326                      | 3,267               | 2,157                 | 702                            | 153,888         |

## Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

### 4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Company                          | Medical<br>equipment<br>\$'000 | Furniture<br>and<br>fittings<br>\$'000 | Office<br>equipment<br>\$'000 | Motor<br>vehicles<br>\$'000 | Computers<br>\$'000 | Renovations<br>\$'000 | Total<br>\$'000 |
|----------------------------------|--------------------------------|--|-------------------------------|-----------------------------|---------------------|-----------------------|-----------------|
| <b>Cost</b>                      |                                |  |                               |                             |                     |                       |                 |
| At 1 January 2011                | 1,626                          | 2,048                                  | 683                           | 486                         | 2,903               | 4,275                 | 12,021          |
| Additions                        | 115                            | 363                                    | 46                            | –                           | 390                 | 520                   | 1,434           |
| Disposal                         | –                              | (2)                                    | –                             | –                           | (1)                 | –                     | (3)             |
| Write-off                        | (309)                          | (325)                                  | (184)                         | (78)                        | (358)               | (314)                 | (1,568)         |
| At 31 December 2011              | 1,432                          | 2,084                                  | 545                           | 408                         | 2,934               | 4,481                 | 11,884          |
| Additions                        | 532                            | 319                                    | 81                            | –                           | 927                 | 635                   | 2,494           |
| Disposal                         | (12)                           | –                                      | –                             | –                           | (152)               | –                     | (164)           |
| Write-off                        | (102)                          | (213)                                  | (54)                          | –                           | (175)               | (143)                 | (687)           |
| At 31 December 2012              | 1,850                          | 2,190                                  | 572                           | 408                         | 3,534               | 4,973                 | 13,527          |
| <b>Accumulated depreciation</b>  |                                |  |                               |                             |                     |                       |                 |
| At 1 January 2011                | 1,119                          | 1,179                                  | 502                           | 179                         | 2,346               | 3,444                 | 8,769           |
| Depreciation charge for the year | 127                            | 162                                    | 65                            | 42                          | 365                 | 545                   | 1,306           |
| Disposal                         | –                              | (1)                                    | –                             | –                           | (1)                 | –                     | (2)             |
| Write-off                        | (258)                          | (275)                                  | (168)                         | (66)                        | (358)               | (306)                 | (1,431)         |
| At 31 December 2011              | 988                            | 1,065                                  | 399                           | 155                         | 2,352               | 3,683                 | 8,642           |
| Depreciation charge for the year | 137                            | 173                                    | 66                            | 40                          | 500                 | 576                   | 1,492           |
| Disposal                         | (5)                            | –                                      | –                             | –                           | (152)               | –                     | (157)           |
| Write-off                        | (86)                           | (158)                                  | (50)                          | –                           | (174)               | (137)                 | (605)           |
| At 31 December 2012              | 1,034                          | 1,080                                  | 415                           | 195                         | 2,526               | 4,122                 | 9,372           |
| <b>Carrying amount</b>           |                                |  |                               |                             |                     |                       |                 |
| At 1 January 2011                | 507                            | 869                                    | 181                           | 307                         | 557                 | 831                   | 3,252           |
| At 31 December 2011              | 444                            | 1,019                                  | 146                           | 253                         | 582                 | 798                   | 3,242           |
| At 31 December 2012              | 816                            | 1,110                                  | 157                           | 213                         | 1,008               | 851                   | 4,155           |

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Details of major leasehold properties of the Group are set out below:

### Leasehold Properties

| Description/Location   | Gross Floor Area (sq m) | Tenure                              | Group Carrying amount |                |
|--|-------------------------|-------------------------------------|-----------------------|----------------|
|  |                         |                                     | 2012<br>\$'000        | 2011<br>\$'000 |
| HDB shop with living quarters located at Blk 283, Bishan St 22, #01-177, Singapore 570283, held for use as a primary healthcare clinic     | 135.0                   | 99 years commencing from 01/02/1991 | 866                   | 892            |
| A factory unit, located at 196 Pandan Loop, #06-05 Pantech Industrial Complex, Singapore 128384, held for use as a store                   | 112.0                   | 99 years commencing from 27/1/1984  | 248                   | 256            |
| HDB shop with living quarters located at Blk 722 Ang Mo Kio Ave 8, #01-2825, Singapore 560722, held for use as a primary healthcare clinic | 152.0                   | 86 years commencing from 01/10/1993 | 1,204                 | 1,240          |
| HDB shop with living quarters located at Blk 131 Jurong East St 13, #01-267, Singapore 600131, held for use as a primary healthcare clinic | 250.0                   | 91 years commencing from 01/04/1993 | 1,522                 | 1,565          |
| HDB shop with living quarters located at Blk 177 Toa Payoh Central, #01-170, Singapore 310177, held for use as a primary healthcare clinic | 115.0                   | 78 years commencing from 01/10/1992 | 953                   | 979            |
| HDB shop with living quarters located at Blk 203 Bedok North St 1, #01-467, Singapore 460203, held for use as a primary healthcare clinic  | 153.0                   | 84 years commencing from 01/07/1992 | 759                   | 779            |
| A hospital building, located at 585 North Bridge Road, Singapore 188770, held for use as a hospital and medical centre                     | 46,233.2*               | 99 years commencing from 01/03/1979 | 129,057               | 120,944        |
|  |                         |                                     | <u>134,609</u>        | <u>126,655</u> |

\* Includes commercial space of 21,289.3 sq m (2011 : 21,738.3 sq m) classified as investment property.



# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### *Source of estimation uncertainty*

The cost of property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 99 years. The Group reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilisation, internal technical evaluation and technological changes. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in these factors. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.

The estimates of recoverable amounts were based on either the fair value of the property, plant and equipment determined by a firm of independent professional valuers or the value in use of the property, plant and equipment determined by management. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the value in use.

## 5 INTANGIBLE ASSETS

| Group   | Membership rights<br>\$'000 | Assignment fees<br>\$'000 | Goodwill<br>\$'000 | Total<br>\$'000 |
|---|-----------------------------|---------------------------|--------------------|-----------------|
| <b>Cost</b>   |                             |                           |                    |                 |
| At 1 January 2011,  |                             |                           |                    |                 |
| 31 December 2011 and                                      |                             |                           |                    |                 |
| 31 December 2012  | 164                         | 612                       | 152                | 928             |
| <b>Accumulated amortisation<br/>and impairment losses</b> |                             |                           |                    |                 |
| At 1 January 2011 and                                     |                             |                           |                    |                 |
| 31 December 2011  | –                           | 612                       | –                  | 612             |
| Impairment loss   | –                           | –                         | 152                | 152             |
| At 31 December 2012                                       | –                           | 612                       | 152                | 764             |
| <b>Carrying amount</b>                                    |                             |                           |                    |                 |
| At 1 January 2011 and                                     |                             |                           |                    |                 |
| 31 December 2011  | 164                         | –                         | 152                | 316             |
| At 31 December 2012                                       | 164                         | –                         | –                  | 164             |

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 5 INTANGIBLE ASSETS (CONT'D)

| Company   | Membership rights<br>\$'000 | Goodwill<br>\$'000 | Total<br>\$'000 |
|---|-----------------------------|--------------------|-----------------|
| <b>Cost</b>   |                             |                    |                 |
| At 1 January 2011, 31 December 2011 and<br>31 December 2012 | 93                          | 152                | 245             |
| <b>Accumulated amortisation and<br/>impairment losses</b>   |                             |                    |                 |
| At 1 January 2011 and 31 December 2011                      | –                           | –                  | –               |
| Impairment loss   | –                           | 152                | 152             |
| At 31 December 2012   | –                           | 152                | 152             |
| <b>Carrying amount</b>                                      |                             |                    |                 |
| At 1 January 2011 and 31 December 2011                      | 93                          | 152                | 245             |
| At 31 December 2012   | 93                          | –                  | 93              |

Goodwill represents the excess of the purchase consideration over the fair value of the net identifiable assets acquired from the purchase of a clinic business. During the year, the amount was fully impaired as the Group estimates that the carrying amount is not recoverable.

## 6 INVESTMENT PROPERTIES

| Group   | 2012<br>\$'000 | 2011<br>\$'000 |
|---|----------------|----------------|
| At 1 January                                      | 199,700        | 88,000         |
| Reclassification to property, plant and equipment | (10,338)       | –              |
| Addition  | –              | 109,526        |
| Development related costs                         | 1,200          | –              |
| Change in fair value                              | 3,938          | 2,174          |
| At 31 December                                    | 194,500        | 199,700        |

During the financial year, premises previously leased to a third party became owner-occupied. Accordingly, a portion of the leasehold land and building previously classified under investment properties were transferred and categorised as property, plant and equipment.

| Description/Location  | Gross Floor<br>Area (sq m)   | Tenure                                     | Group<br>Fair Value |                |
|---|------------------------------|--|---------------------|----------------|
|   |                              |  | 2012<br>\$'000      | 2011<br>\$'000 |
| Units within Raffles Hospital,<br>located at 585 North Bridge Road,<br>Singapore 188770 | 21,289.3<br>(2011: 21,738.3) | 99 years<br>commencing from<br>01/03/1979  | 81,000              | 91,000         |
| Units within Thong Sia building,<br>located at 30 Bideford Road,<br>Singapore 229922    | 3,964.0                      | Freehold                                   | 98,000              | 94,000         |
| Units within Samsung Hub,<br>located at 3 Church Street<br>Singapore 049483             | 491.0                        | 999 years<br>commencing from<br>25/01/1827 | 15,500              | 14,700         |
|   |                              |  | 194,500             | 199,700        |

## Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

### 6 INVESTMENT PROPERTIES (CONT'D)

Investment properties relate to the shop units within the commercial property, Raffles Hospital Building, units of commercial space within Samsung Hub and Thong Sia building, that are leased to external customers. Each of the leases contains an initial non-cancellable period of 1 to 10 years. This is subject to the terms and conditions of the lease agreements entered into and subsequent renewals are negotiated with the respective lessee.

As at 31 December 2012, investment properties are stated based on full valuation on units within Raffles Hospital building and independent desktop valuation for units of Samsung Hub and Thong Sia building by Jones Lang LaSalle Property Consultants Pte. Ltd. on the basis of open market valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

### 7 TRADE AND OTHER RECEIVABLES

|                                    | Group          |                | Company        |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2012<br>\$'000 | 2011<br>\$'000 | 2012<br>\$'000 | 2011<br>\$'000 |
| Trade receivables                  | 31,686         | 27,406         | 12,790         | 11,467         |
| Allowance for doubtful receivables | (2,678)        | (2,850)        | (400)          | (405)          |
| Net receivables                    | 29,008         | 24,556         | 12,390         | 11,062         |
| Deposits                           | 2,310          | 2,229          | 1,607          | 1,642          |
| Loans to directors                 |                |                |                |                |
| - Directors of subsidiaries        | 137            | 187            | 137            | 187            |
| Staff loans                        | 1,513          | 1,478          | 1,077          | 950            |
| Other receivables                  | 3,414          | 1,980          | 109            | 159            |
| Amounts due from subsidiaries:     |                |                |                |                |
| - trade                            | -              | -              | 84             | 161            |
| - non-trade (see note below)       | -              | -              | 50,213         | 50,025         |
| Loans and receivables              | 36,382         | 30,430         | 65,617         | 64,186         |
| Prepayments                        | 1,787          | 1,425          | 619            | 377            |
|                                    | 38,169         | 31,855         | 66,236         | 64,563         |

|   | Company        |                |
|---|----------------|----------------|
|   | 2012<br>\$'000 | 2011<br>\$'000 |
| Amounts due from subsidiaries (non-trade) | 52,313         | 52,125         |
| Allowance for doubtful receivables        | (2,100)        | (2,100)        |
| Net receivables                           | 50,213         | 50,025         |

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The loans to directors were granted in accordance with the Group's Loan Scheme for Executive Directors, approved by the shareholders at an Extraordinary General Meeting held on 29 October 1997.

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 8 CASH AND CASH EQUIVALENTS

|                          | Group          |                | Company        |                |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | 2012<br>\$'000 | 2011<br>\$'000 | 2012<br>\$'000 | 2011<br>\$'000 |
| Fixed deposits           | 93,948         | 37,321         | 76,455         | 27,405         |
| Cash at bank and in hand | 8,534          | 12,370         | 768            | 1,455          |
|                          | 102,482        | 49,691         | 77,223         | 28,860         |

The weighted average effective interest rates per annum relating to cash and cash equivalents, at the reporting date for the Group and Company are 0.71% (2011: 0.27%) and 0.79% (2011: 0.27%) respectively.

Interest rates reprice at intervals of one week to three months.

## 9 SHARE CAPITAL AND RESERVES

### Share Capital

|   | Note | 2012                                 |         | 2011                                 |         |
|---|------|--------------------------------------|---------|--------------------------------------|---------|
| Group and Company                                     |      | No. of shares<br>( <sup>'000</sup> ) | \$'000  | No. of shares<br>( <sup>'000</sup> ) | \$'000  |
| <b>Fully paid ordinary shares, with no par value:</b> |      |                                      |         |                                      |         |
| At 1 January  |      | 534,333                              | 190,344 | 525,944                              | 177,006 |
| Issue of shares under scrip dividend                  |      | 6,066                                | 12,435  | 4,753                                | 9,839   |
| Issue of shares under share option scheme             | 10   | 4,418                                | 4,409   | 3,636                                | 3,499   |
|   |      | 544,817                              | 207,188 | 534,333                              | 190,344 |

### Ordinary shares

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

During the financial year, the company issued 6,065,666 (2011: 4,753,258) shares at \$2.05 (2011: \$2.07) per share to shareholders in lieu of cash dividends of 3.0 cents (2011: 2.5 cents) per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme.

Pursuant to the option plans i.e. RMG 2000 Scheme and RMG 2010 Scheme, a total of 4,418,000 (2011: 3,636,000) new fully-paid ordinary shares were also issued during the year for cash by the Company as follows:

| Date of Grant | Exercise price<br>\$ | No. of Shares |           |
|---------------|----------------------|---------------|-----------|
|               |                      | 2012          | 2011      |
| 15/02/2001    | 0.320                | –             | 238,000   |
| 08/04/2002    | 0.230                | 216,000       | 125,000   |
| 31/03/2003    | 0.185                | 158,000       | 69,000    |
| 01/04/2004    | 0.330                | 242,000       | 46,000    |
| 01/04/2005    | 0.420                | 309,000       | 135,000   |
| 03/04/2006    | 0.680                | –             | 300,000   |
| 03/04/2006    | 0.710                | 280,000       | 251,000   |
| 02/04/2007    | 1.140                | 120,000       | 50,000    |
| 02/04/2007    | 1.150                | 337,000       | 233,000   |
| 01/04/2008    | 1.240                | 420,000       | 271,000   |
| 01/04/2009    | 0.780                | 1,276,000     | 1,043,000 |
| 01/04/2010    | 1.660                | 836,000       | 875,000   |
| 01/04/2011    | 2.200                | 224,000       | –         |
|               |                      | 4,418,000     | 3,636,000 |

Unissued ordinary shares of the Company under options granted to eligible directors and employees under the Company's Employee Share Option Scheme are disclosed in note 10.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 9 SHARE CAPITAL AND RESERVES (CONT'D)

### *Currency translation reserve*

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company, and exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

### *Share option reserve*

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

## 10 EMPLOYEE SHARE OPTIONS

### *RMG 2000 Scheme*

On 31 October 2000, the shareholders of the Company approved the Raffles Medical Group (2000) Share Option Scheme (RMG 2000 Scheme) at the Extraordinary General Meeting. The Scheme is administered by the Committee comprising three directors, Associate Professor Wee Beng Geok, Professor Lim Pin and Dr Loo Choon Yong.

Information regarding the scheme is as follows:

- (i) Subscription price:
  - (a) The exercise price of the options is determined at the average closing price of the Company's shares on the Singapore Exchange Securities Trading Limited on the three business days immediately preceding the date of grant of such options; or
  - (b) The discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above.
- (ii) The options vest on such date in respect of such proportion of the option amount as the Committee may prescribe but shall be no earlier than 1 year after the grant date for (i)(a) and 2 years after the grant date for (i)(b).
- (iii) The options granted expire after 10 years for employees and 5 years for non-employees from the grant date unless they are cancelled or have lapsed.

### *RMG 2010 Scheme*

At the Annual General Meeting held on 30 April 2010, the shareholders of the Company adopted the Raffles Medical Group (2010) Share Option Scheme (RMG 2010 Scheme) for the Company. The existing RMG 2000 Scheme was concurrently terminated. The termination of the RMG 2000 Scheme will, however, not affect the subscription rights comprised in options granted pursuant to the RMG 2000 Scheme prior to the termination. Such options will continue to be exercisable in accordance with the rules of the RMG 2000 Scheme. However, no further options will be granted under the RMG 2000 Scheme.

Information regarding the scheme is as follows:

- (i) Subject to any adjustment pursuant to any variation of the share capital of the Company, the subscription price for each share under the RMG 2010 Scheme shall be:
  - (a) a price equal to the average of the last dealt prices for a share, as determined by reference to the daily official list or other publication published by the Singapore Exchange Securities Trading Limited for the three consecutive market days immediately preceding the offer date of that option, rounded up to the nearest whole cent, provided that in the case of a Market Price Option that is proposed to be granted to a Controlling Shareholder or an Associate of a Controlling Shareholder, the Subscription Price for each share shall be equal to the average of the last dealt price(s) for a share, as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited, for the three consecutive market days immediately preceding the latest practicable date prior to the date of any circular, letter or notice to the Shareholders proposing to seek their approval of the grant of such options to such Controlling Shareholder and/or Associate of a Controlling Shareholder; or



# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 10 EMPLOYEE SHARE OPTIONS (CONT'D)

### RMG 2010 Scheme (cont'd)

- (b) the discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above, and
  - (c) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of options at a discount not exceeding the maximum discount in a separate resolution (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of options under the RMG 2010 Scheme at such discount for the duration of the RMG 2010 Scheme), and
  - (d) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the discount exceeding 20% of the market price if it is prescribed or permitted for the time being by the Singapore Exchange Securities Trading Limited.
- (ii) The options vest on such date in respect of such proportion of the option amount as the Committee may prescribe but shall be no earlier than 1 year after the grant date for (i)(a) and 2 years after the grant date for (i)(b).
- (iii) The options granted expire after 10 years for employees and 5 years for non-employees from the grant date unless they are cancelled or have lapsed.

The RMG 2010 Scheme is administered by a committee comprising Directors of the Company duly authorised and appointed by the Board to administer the RMG 2010 Scheme. The Scheme is administered by the Committee comprising three directors, Associate Professor Wee Beng Geok, Professor Lim Pin and Dr Loo Choon Yong.

### RMG 2000 Scheme and RMG 2010 Scheme

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

|                                  | Weighted<br>average<br>exercise price<br>2012<br>\$ | No. of<br>options<br>2012<br>('000) | Weighted<br>average<br>exercise price<br>2011<br>\$ | No. of<br>options<br>2011<br>('000) |
|----------------------------------|---|-------------------------------------|---|-------------------------------------|
| Outstanding at 1 January         | 1.339   | 20,111                              | 1.029   | 19,894                              |
| Granted during the year          | 2.340   | 6,000                               | 2.200   | 5,000                               |
| Cancelled/Lapsed during the year | 1.637   | (1,727)                             | 0.910   | (1,147)                             |
| Exercised during the year        | 0.998   | (4,418)                             | 0.962   | (3,636)                             |
| Outstanding at 31 December       | 1.690   | 19,966                              | 1.339   | 20,111                              |
| Exercisable at 31 December       | 1.368   | 13,011                              | 1.051   | 12,954                              |

Options under RMG 2000 Scheme and RMG 2010 Scheme exercised in 2012 resulted in 4,418,000 ordinary shares being issued at weighted average exercise price of \$0.998 each.

In 2012, 1,727,000 options under RMG 2000 Scheme and RMG 2010 Scheme were forfeited at weighted average exercise price of \$1.637 each.

Options were exercised on a regular basis throughout the year. The weighted average share price during the year was \$2.35 per share.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 10 EMPLOYEE SHARE OPTIONS (CONT'D)

### *RMG 2000 Scheme and RMG 2010 Scheme (cont'd)*

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

| Date of grant of options | Expiry date | Exercise price<br>\$ | Options outstanding |                |
|--------------------------|-------------|----------------------|---------------------|----------------|
|                          |             |                      | 2012<br>('000)      | 2011<br>('000) |
| 08/04/2002               | 07/04/2012  | 0.230                | –                   | 232            |
| 31/03/2003               | 30/03/2013  | 0.185                | 139                 | 298            |
| 01/04/2004               | 31/03/2014  | 0.330                | 226                 | 502            |
| 01/04/2005               | 31/03/2015  | 0.420                | 375                 | 759            |
| 03/04/2006               | 02/04/2016  | 0.710                | 1,067               | 1,402          |
| 02/04/2007               | 01/04/2012  | 1.140                | –                   | 120            |
| 02/04/2007               | 01/04/2017  | 1.150                | 1,217               | 1,602          |
| 01/04/2008               | 31/03/2013  | 1.240                | 122                 | 170            |
| 01/04/2008               | 31/03/2018  | 1.240                | 1,099               | 1,516          |
| 01/04/2009               | 31/03/2014  | 0.780                | 350                 | 420            |
| 01/04/2009               | 31/03/2019  | 0.780                | 2,258               | 3,812          |
| 01/04/2010               | 31/03/2015  | 1.660                | 235                 | 295            |
| 01/04/2010               | 31/03/2020  | 1.660                | 3,213               | 4,221          |
| 01/04/2011               | 31/03/2016  | 2.200                | 380                 | 380            |
| 01/04/2011               | 31/03/2021  | 2.200                | 3,662               | 4,382          |
| 02/04/2012               | 01/04/2017  | 2.340                | 510                 | –              |
| 02/04/2012               | 01/04/2022  | 2.340                | 5,113               | –              |
|                          |             |                      | <b>19,966</b>       | <b>20,111</b>  |

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes Option Pricing model.

| Date of grant of options                           | Group             |                   |
|--|-------------------|-------------------|
|  | 02/04/2012        | 01/04/2011        |
| <i>Fair value of share options and assumptions</i> |                   |                   |
| Fair value at measurement date                     | \$0.383 - \$0.416 | \$0.516 - \$0.561 |
| Share price  | \$2.32            | \$2.23            |
| Exercise price                                     | \$2.34            | \$2.20            |
| Expected volatility                                | 21.61%            | 28.03%            |
| Expected option life                               | 4.2 – 5.0 years   | 4.2 – 5.1 years   |
| Expected dividend yield                            | 1.55%             | 1.47%             |
| Risk-free interest rate                            | 1.84%             | 2.37%             |

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

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 11 DEFERRED TAX LIABILITIES

Movements in deferred tax assets and liabilities of the Group during the year are as follows:

| Group   | At<br>1 January<br>2011<br>\$'000 | Group<br>relief<br>transferred<br>\$'000 | Recognised<br>in profit<br>or loss<br>(note 17)<br>\$'000 | At<br>31 December<br>2011<br>\$'000 | Recognised<br>in profit<br>or loss<br>(note 17)<br>\$'000 | At<br>31 December<br>2012<br>\$'000 |
|---|-----------------------------------|--|---|-------------------------------------|---|-------------------------------------|
| Property, plant and equipment                       | 1,705                             | –  | 43  | 1,748                               | 152   | 1,900                               |
| Tax value of loss carry-forward                     | (686)                             | 723                                      | (37)  | –                                   | –   | –                                   |
| Tax value of unabsorbed wear<br>and tear allowances | (11)                              | –  | 10  | (1)                                 | 1   | –                                   |
| Other items   | (213)                             | –  | 45  | (168)                               | (62)  | (230)                               |
|   | 795                               | 723                                      | 61  | 1,579                               | 91  | 1,670                               |

| Company                       | At<br>1 January<br>2011<br>\$'000 | Recognised<br>in profit<br>or loss<br>\$'000 | At<br>31 December<br>2011<br>\$'000 | Recognised<br>in profit<br>or loss<br>\$'000 | At<br>31 December<br>2012<br>\$'000 |
|-------------------------------|-----------------------------------|--|-------------------------------------|--|-------------------------------------|
| Property, plant and equipment | 493                               | (22)   | 471                                 | (72)   | 399                                 |
| Other items                   | (91)                              | (21)   | (112)                               | 15   | (97)                                |
|                               | 402                               | (43)   | 359                                 | (57)   | 302                                 |

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

|                          | Group          |                | Company        |                |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | 2012<br>\$'000 | 2011<br>\$'000 | 2012<br>\$'000 | 2011<br>\$'000 |
| Deferred tax liabilities | 1,670          | 1,579          | 302            | 359            |

The following temporary differences have not been recognised:

|            | Group          |                |
|------------|----------------|----------------|
|            | 2012<br>\$'000 | 2011<br>\$'000 |
| Tax losses | 1,536          | 1,470          |

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

## Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

### 12 TRADE AND OTHER PAYABLES

|                                       | Group          |                | Company        |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | 2012<br>\$'000 | 2011<br>\$'000 | 2012<br>\$'000 | 2011<br>\$'000 |
| Trade payables                        | 24,775         | 19,488         | 4,343          | 3,835          |
| Accrued operating expenses            | 30,355         | 26,039         | 8,494          | 8,210          |
| Trade amounts due to subsidiaries     | –              | –              | 72,553         | 64,839         |
| Non-trade amounts due to subsidiaries | –              | –              | 7,821          | 3,872          |
| Deferred income                       | 77             | 86             | –              | –              |
| Deposits received                     | 3,571          | 3,368          | –              | –              |
| Other payables                        | 7,540          | 5,765          | 1,161          | 1,608          |
|                                       | 66,318         | 54,746         | 94,372         | 82,364         |

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

### 13 INSURANCE CONTRACT PROVISIONS

#### *Analysis of movements in insurance contract provisions*

|                                  | Group           |                                |               | Group           |                                |               |
|----------------------------------|-----------------|--------------------------------|---------------|-----------------|--------------------------------|---------------|
|                                  | 2012            |                                |               | 2011            |                                |               |
|                                  | Gross<br>\$'000 | Reinsurers'<br>share<br>\$'000 | Net<br>\$'000 | Gross<br>\$'000 | Reinsurers'<br>share<br>\$'000 | Net<br>\$'000 |
| Balance at beginning of the year | 9,400           | (4,381)                        | 5,019         | 8,654           | (4,112)                        | 4,542         |
| Provision made                   | 23,475          | (7,693)                        | 15,782        | 17,538          | (4,938)                        | 12,600        |
| Provision used                   | (21,596)        | 6,957                          | (14,639)      | (16,792)        | 4,669                          | (12,123)      |
| Balance at end of the year       | 11,279          | (5,117)                        | 6,162         | 9,400           | (4,381)                        | 5,019         |

The Group commenced its underwriting activities from 1 January 2005. Accordingly, the Group's policy liabilities related to those risks written from 1 January 2005 and the Group is not liable for risks prior to this date. Historical data collated by management were used for determining the expected ultimate claims liability. This data was also supplemented by externally available information on industry statistics and trend.

The monitoring and evaluation of claim is actively pursued with processes. This is to ensure the adequacy of the provisions required to meet the obligations of the Group's future liabilities. An external actuary performs regularly a valuation of the policy liabilities in accordance with the Monetary Authority of Singapore's regulations. The adequacy of the estimated claim liabilities are verified by the actuary.

#### *Source of estimation uncertainty*

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, future claims experience might deviate, possibly materially from the projections. Among other reasons, this is because the ultimate claim amount will be affected by future external events, for example, changes in the interpretation of policy conditions and the attitudes of claimants towards settlement of their claims.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 14 INTEREST-BEARING LIABILITIES

|                                | Group          |                | Company        |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2012<br>\$'000 | 2011<br>\$'000 | 2012<br>\$'000 | 2011<br>\$'000 |
| <b>Non-current liabilities</b> |                |                |                |                |
| Unsecured bank loans           | –              | 16,000         | –              | –              |
| <b>Current liabilities</b>     |                |                |                |                |
| Unsecured bank loans           | 19,747         | 5,451          | 3,747          | 3,451          |
| Total borrowings               | 19,747         | 21,451         | 3,747          | 3,451          |

### Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

|                        | Effective<br>interest rate<br>% | Year of<br>maturity | Carrying<br>amount<br>\$'000 |
|------------------------|---------------------------------|---------------------|------------------------------|
| <b>Group</b>           |                                 |                     |                              |
| <b>2012</b>            |                                 |                     |                              |
| S\$ floating rate loan | 0.92                            | 2013                | 16,000                       |
| HK\$ fixed rate loan   | 0.83                            | 2013                | 3,747                        |
|                        |                                 |                     | <u>19,747</u>                |
| <b>2011</b>            |                                 |                     |                              |
| S\$ floating rate loan | 1.01                            | 2013                | 18,000                       |
| HK\$ fixed rate loan   | 1.09                            | 2012                | 3,451                        |
|                        |                                 |                     | <u>21,451</u>                |
| <b>Company</b>         |                                 |                     |                              |
| <b>2012</b>            |                                 |                     |                              |
| HK\$ fixed rate loan   | 0.83                            | 2013                | <u>3,747</u>                 |
| <b>2011</b>            |                                 |                     |                              |
| HK\$ fixed rate loan   | 1.09                            | 2012                | <u>3,451</u>                 |

## 15 FINANCIAL INSTRUMENTS

### Credit risk

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

|  | Group          |                | Company        |                |
|--|----------------|----------------|----------------|----------------|
|  | 2012<br>\$'000 | 2011<br>\$'000 | 2012<br>\$'000 | 2011<br>\$'000 |
| Trade and other receivables<br>(excluding prepayments) | 36,382         | 30,430         | 65,617         | 64,186         |
| Cash and cash equivalents                              | 102,482        | 49,691         | 77,223         | 28,860         |
| Recognised financial assets                            | <u>138,864</u> | <u>80,121</u>  | <u>142,840</u> | <u>93,046</u>  |



# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 15 FINANCIAL INSTRUMENTS (CONT'D)

### *Impairment losses*

The ageing of loans and receivables at the reporting date is:

|                        | Gross<br>2012<br>\$'000 | Impairment<br>losses<br>2012<br>\$'000 | Gross<br>2011<br>\$'000 | Impairment<br>losses<br>2011<br>\$'000 |
|------------------------|-------------------------|--|-------------------------|--|
| <b>Group</b>           |                         |  |                         |  |
| No credit terms        | 5,724                   | –                                      | 4,209                   | –                                      |
| Not past due           | 8,821                   | 37                                     | 10,945                  | –                                      |
| Past due 0 – 30 days   | 9,282                   | 57                                     | 6,600                   | –                                      |
| Past due 31 – 365 days | 14,214                  | 2,457                                  | 10,837                  | 2,479                                  |
| More than one year     | 1,019                   | 127                                    | 689                     | 371                                    |
|                        | 39,060                  | 2,678                                  | 33,280                  | 2,850                                  |
| <b>Company</b>         |                         |  |                         |  |
| No credit terms        | 54,029                  | 2,100                                  | 53,926                  | 2,100                                  |
| Not past due           | 4,016                   | –                                      | 5,673                   | –                                      |
| Past due 0 – 30 days   | 3,366                   | –                                      | 2,841                   | –                                      |
| Past due 31 – 365 days | 5,839                   | 400                                    | 4,005                   | 159                                    |
| More than one year     | 867                     | –                                      | 246                     | 246                                    |
|                        | 68,117                  | 2,500                                  | 66,691                  | 2,505                                  |

The change in impairment loss in respect of loans and receivables during the year is as follows:

|                            | Group          |                | Company        |                |
|----------------------------|----------------|----------------|----------------|----------------|
|                            | 2012<br>\$'000 | 2011<br>\$'000 | 2012<br>\$'000 | 2011<br>\$'000 |
| At 1 January               | 2,850          | 2,881          | 2,505          | 2,646          |
| Impairment loss recognised | 649            | 1,038          | 546            | 610            |
| Impairment loss utilised   | (821)          | (1,069)        | (551)          | (751)          |
| At 31 December             | 2,678          | 2,850          | 2,500          | 2,505          |

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 30 days, except for specifically identified amounts. These receivables are mainly arising by customers that have a good record with the Group.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 15 FINANCIAL INSTRUMENTS (CONT'D)

### Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

|   | Carrying<br>amount<br>\$'000 | Contractual<br>cash flows<br>\$'000 | Within 1<br>year<br>\$'000 | 2 to 5<br>years<br>\$'000 |
|---|------------------------------|-------------------------------------|----------------------------|---------------------------|
| <b>Group</b>                                |                              |                                     |                            |                           |
| <b>2012</b>                                 |                              |                                     |                            |                           |
| <b>Non-derivative financial liabilities</b> |                              |                                     |                            |                           |
| S\$ floating rate loan                      | 16,000                       | 16,016                              | 16,016                     | –                         |
| HK\$ fixed rate loan                        | 3,747                        | 3,750                               | 3,750                      | –                         |
| Trade and other payables*                   | 66,241                       | 66,241                              | 66,241                     | –                         |
|   | <b>85,988</b>                | <b>86,007</b>                       | <b>86,007</b>              | <b>–</b>                  |
| <b>2011</b>                                 |                              |                                     |                            |                           |
| <b>Non-derivative financial liabilities</b> |                              |                                     |                            |                           |
| S\$ floating rate loan                      | 18,000                       | 18,340                              | 2,157                      | 16,183                    |
| HK\$ fixed rate loan                        | 3,451                        | 3,467                               | 3,467                      | –                         |
| Trade and other payables*                   | 54,660                       | 54,660                              | 54,660                     | –                         |
|   | <b>76,111</b>                | <b>76,467</b>                       | <b>60,284</b>              | <b>16,183</b>             |
| <b>Company</b>                              |                              |                                     |                            |                           |
| <b>2012</b>                                 |                              |                                     |                            |                           |
| <b>Non-derivative financial liabilities</b> |                              |                                     |                            |                           |
| HK\$ fixed rate loan                        | 3,747                        | 3,750                               | 3,750                      | –                         |
| Trade and other payables                    | 94,372                       | 94,372                              | 94,372                     | –                         |
|   | <b>98,119</b>                | <b>98,122</b>                       | <b>98,122</b>              | <b>–</b>                  |
| <b>2011</b>                                 |                              |                                     |                            |                           |
| <b>Non-derivative financial liabilities</b> |                              |                                     |                            |                           |
| HK\$ fixed rate loan                        | 3,451                        | 3,467                               | 3,467                      | –                         |
| Trade and other payables                    | 82,364                       | 82,364                              | 82,364                     | –                         |
|   | <b>85,815</b>                | <b>85,831</b>                       | <b>85,831</b>              | <b>–</b>                  |

\* Excludes deferred income received

### Currency risk

In respect of other monetary assets and liabilities held in currencies other than the Singapore dollars, the Group ensures that the net exposure to currency fluctuation is kept to an acceptable level. The Group does not have significant currency risks.

### Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

For the variable rate financial instruments, 50 basis points (bp) increase/decrease at the reporting date would have (decreased)/increased the Group's profit before tax by the amounts as shown below. The analysis assumes that all other variables remain constant.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 15 FINANCIAL INSTRUMENTS (CONT'D)

### Interest rate risk (cont'd)

| Group                     | Profit before tax in income statement |                          |
|---------------------------|---------------------------------------|--------------------------|
|                           | 50 bp increase<br>\$'000              | 50 bp decrease<br>\$'000 |
| <b>31 December 2012</b>   |                                       |                          |
| Variable rate instruments | (80)                                  | 80                       |
| <b>31 December 2011</b>   |                                       |                          |
| Variable rate instruments | (90)                                  | 90                       |

The Company did not have variable rate instruments at the reporting date and at the end of the last financial year.

### Fair values

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

### Financial assets and liabilities

The carrying amounts of financial assets and liabilities shown in the statement of financial position are as follow:

| Group                         | Loans and receivables<br>\$'000 | Other financial liabilities within the scope of FRS 39<br>\$'000 | Total carrying amount<br>\$'000 |
|-------------------------------|---------------------------------|--|---------------------------------|
| <b>31 December 2012</b>       |                                 |  |                                 |
| Trade and other receivables # | 36,382                          | –  | 36,382                          |
| Cash and cash equivalents     | 102,482                         | –  | 102,482                         |
|                               | 138,864                         | –  | 138,864                         |
| Trade and other payables*     | –                               | 66,241   | 66,241                          |
| Interest-bearing liabilities  | –                               | 19,747   | 19,747                          |
|                               | –                               | 85,988   | 85,988                          |
| <b>31 December 2011</b>       |                                 |  |                                 |
| Trade and other receivables # | 30,430                          | –  | 30,430                          |
| Cash and cash equivalents     | 49,691                          | –  | 49,691                          |
|                               | 80,121                          | –  | 80,121                          |
| Trade and other payables*     | –                               | 54,660   | 54,660                          |
| Interest-bearing liabilities  | –                               | 21,451   | 21,451                          |
|                               | –                               | 76,111   | 76,111                          |

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 15 FINANCIAL INSTRUMENTS (CONT'D)

### Financial assets and liabilities (cont'd)

| Company                       | Loans and<br>receivables<br>\$'000 | Other financial<br>liabilities within<br>the scope of<br>FRS 39<br>\$'000 | Total<br>carrying<br>amount<br>\$'000 |
|-------------------------------|------------------------------------|---|---------------------------------------|
| <b>31 December 2012</b>       |                                    |   |                                       |
| Trade and other receivables # | 65,617                             | –   | 65,617                                |
| Cash and cash equivalents     | 77,223                             | –   | 77,223                                |
|                               | 142,840                            | –   | 142,840                               |
| Trade and other payables      | –                                  | 94,372  | 94,372                                |
| Interest-bearing liabilities  | –                                  | 3,747   | 3,747                                 |
|                               | –                                  | 98,119  | 98,119                                |
| <b>31 December 2011</b>       |                                    |   |                                       |
| Trade and other receivables # | 64,186                             | –   | 64,186                                |
| Cash and cash equivalents     | 28,860                             | –   | 28,860                                |
|                               | 93,046                             | –   | 93,046                                |
| Trade and other payables      | –                                  | 82,364  | 82,364                                |
| Interest-bearing liabilities  | –                                  | 3,451   | 3,451                                 |
|                               | –                                  | 85,815  | 85,815                                |

# Excludes prepayments

\* Excludes deferred income received

## 16 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

| Group   | 2012<br>\$'000 | 2011<br>\$'000 |
|---|----------------|----------------|
| Allowance for doubtful receivables  | 649            | 1,038          |
| Change in fair value in investment properties   | (3,938)        | (2,174)        |
| Contributions to defined contribution plans, included in staff costs                    | 8,507          | 7,829          |
| Gain on disposal of property, plant and equipment                                       | (88)           | (6)            |
| Interest expense  |                |                |
| - bank loans  | 235            | 252            |
| Interest income from fixed deposits   | (465)          | (182)          |
| Audit fees paid to:   |                |                |
| - auditors of the Company   | 113            | 110            |
| - other auditors  | 11             | 10             |
| Non-audit fees paid:  |                |                |
| - auditors of the Company   | 10             | 5              |
| - other auditors  | 10             | 26             |
| Property, plant and equipment written-off   | 102            | 155            |
| Value of employee services received for issue of share options, included in staff costs | 2,236          | 2,558          |
| Impairment of intangible assets   | 152            | –              |

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 17 TAX EXPENSE

| Group                              | 2012<br>\$'000 | 2011<br>\$'000 |
|------------------------------------|----------------|----------------|
| <b>Current tax expense</b>         |                |                |
| Current year                       | 9,536          | 8,849          |
| Overprovided in prior years        | (251)          | (91)           |
|                                    | 9,285          | 8,758          |
| <b>Deferred tax expense</b>        |                |                |
| Movements in temporary differences | 35             | 61             |
| Underprovided in prior years       | 56             | –              |
|                                    | 91             | 61             |
| <b>Tax expense</b>                 | 9,376          | 8,819          |

### Reconciliation of effective tax rate

| Group  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| Profit before tax  | 66,585         | 59,440         |
| Tax calculated using Singapore corporate tax rate of 17% | 11,319         | 10,105         |
| Expenses not deductible for tax purposes                 | 953            | 1,418          |
| Income not subject to tax                                | (938)          | (858)          |
| Tax incentive  | (1,914)        | (1,736)        |
| Tax effect of unrecognised tax losses                    | 151            | 11             |
| Overprovided in prior years                              | (195)          | (91)           |
| Others   | –              | (30)           |
|  | 9,376          | 8,819          |

## 18 EARNINGS PER SHARE

| Group  | 2012<br>\$'000              | 2011<br>\$'000              |
|--|-----------------------------|-----------------------------|
| Basic earnings per share is based on:            |                             |                             |
| Net profit attributable to ordinary shareholders | 56,849                      | 50,396                      |
|  |                             |                             |
| Group  | No. of<br>shares<br>( '000) | No. of<br>shares<br>( '000) |
| Issued ordinary shares at beginning of the year  | 534,333                     | 525,944                     |
| Effect of scrip dividend shares issued           | 3,000                       | 2,240                       |
| Effect of share options exercised                | 2,540                       | 2,116                       |
| Weighted average number of ordinary shares       | 539,873                     | 530,300                     |



# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 18 EARNINGS PER SHARE (CONT'D)

| Group  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| Diluted earnings per share is based on:          |                |                |
| Net profit attributable to ordinary shareholders | 56,849         | 50,396         |

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, with the potential ordinary shares weighted for the period outstanding.

The effect of the exercise of share options on the weighted average number of ordinary shares in issue is as follows:

|  | 2012<br>No. of<br>shares<br>( '000) | 2011<br>No. of<br>shares<br>( '000) |
|--|-------------------------------------|-------------------------------------|
| Weighted average number of:  |                                     |                                     |
| Ordinary shares used in the calculation of basic earnings per share                      | 539,873                             | 530,300                             |
| Potential ordinary shares issuable under share options                                   | 5,533                               | 7,891                               |
| Weighted average number of ordinary issued and potential shares assuming full conversion | 545,406                             | 538,191                             |

## 19 OPERATING SEGMENTS

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chairman reviews internal management reports regularly. The following summary describes the operations in each of the Group's reportable segments:

|                     |   |   |
|---------------------|---|---|
| Healthcare services | : | The operations of medical clinics and other general medical services; provision of health insurance, trading in pharmaceutical and nutraceutical products and diagnostic equipment, and provision of management and consultancy services. |
| Hospital services   | : | The provision of specialised medical services and operation of hospital and business of medical laboratory and imaging centre.  |
| Investment holdings | : | Investment holding.   |

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Chairman. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities operating within these businesses.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise deferred and current tax liabilities and assets.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 19 OPERATING SEGMENTS (CONT'D)

*Information about reportable segments*

| Revenue and expenses                          | Healthcare services |                | Hospital services |                | Investment holdings |                | Total          |                |
|---|---------------------|----------------|-------------------|----------------|---------------------|----------------|----------------|----------------|
|   | 2012<br>\$'000      | 2011<br>\$'000 | 2012<br>\$'000    | 2011<br>\$'000 | 2012<br>\$'000      | 2011<br>\$'000 | 2012<br>\$'000 | 2011<br>\$'000 |
| External revenue                              | 117,186             | 105,163        | 205,753           | 177,167        | 11,045              | 10,472         | 333,984        | 292,802        |
| Inter-segment revenue                         | 2,542               | 1,990          | 11,411            | 9,939          | 8,398               | 8,090          | 22,351         | 20,019         |
| Finance expenses                              | (37)                | (25)           | -                 | -              | (198)               | (227)          | (235)          | (252)          |
| Depreciation of property, plant and equipment | (2,026)             | (1,725)        | (3,249)           | (3,085)        | (158)               | (158)          | (5,433)        | (4,968)        |
| Impairment of intangible assets               | (152)               | -              | -                 | -              | -                   | -              | (152)          | -              |
| Reportable segment profit before tax          | 10,240              | 9,677          | 47,720            | 42,888         | 11,095              | 9,147          | 69,055         | 61,712         |
| Reportable segment assets                     | 426,775             | 318,706        | 103,829           | 93,325         | 339,521             | 457,479        | 870,125        | 869,510        |
| Capital expenditure                           | 3,972               | 2,079          | 5,465             | 2,938          | 1,500               | 109,526        | 10,937         | 114,543        |
| Reportable segment liabilities                | 120,658             | 104,639        | 49,679            | 42,537         | 299,924             | 301,591        | 470,261        | 448,767        |

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 19 OPERATING SEGMENTS (CONT'D)

### *Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items*

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| <b>Revenues</b>  |                |                |
| Total revenue for reportable segments                        | 333,984        | 292,802        |
| Elimination of inter-segment revenue                         | (22,351)       | (20,019)       |
| Consolidated revenue   | 311,633        | 272,783        |
| <b>Profit or loss</b>  |                |                |
| Total profit for reportable segments                         | 69,055         | 61,712         |
| Adjustment for depreciation of property, plant and equipment | (2,470)        | (2,272)        |
| Consolidated profit before tax                               | 66,585         | 59,440         |
| <b>Assets</b>  |                |                |
| Total assets for reportable segments                         | 870,125        | 869,510        |
| Elimination of inter-segment assets                          | (375,480)      | (440,916)      |
| Consolidated total assets                                    | 494,645        | 428,594        |
| <b>Liabilities</b>   |                |                |
| Total liabilities for reportable segments                    | 470,261        | 448,767        |
| Elimination of inter-segment liabilities                     | (378,034)      | (367,551)      |
| Unallocated amounts – current and deferred tax liabilities   | 13,002         | 12,669         |
| Consolidated total liabilities                               | 105,229        | 93,885         |

### *Other material items*

|   | Reportable<br>segment<br>totals<br>\$'000 | Adjustments<br>\$'000 | Consolidated<br>totals<br>\$'000 |
|---|---|-----------------------|----------------------------------|
| <b>2012</b>                                   |   |                       |                                  |
| Depreciation of property, plant and equipment | 5,433                                     | 2,470                 | 7,903                            |
| <b>2011</b>                                   |   |                       |                                  |
| Depreciation of property, plant and equipment | 4,968                                     | 2,272                 | 7,240                            |

The hospital building at North Bridge Road is owned by a subsidiary and classified as Investment Property in the subsidiary's standalone financial statements. In accordance with the Group's accounting policies, investment property is measured at fair value and not depreciated.

For the preparation of the consolidated financial statements, the hospital building is reclassified from Investment Property to Property, Plant and Equipment as the building is used in the supply of hospital services by the Group. Accordingly, the carrying value of the hospital building is depreciated over its useful life in the consolidated financial statements of the Group.

The amount of \$2,470,000 (2011: \$2,272,000) relates to the depreciation of the hospital building for the year ended 31 December 2012.

## Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

### 19 OPERATING SEGMENTS (CONT'D)

#### *Geographical segments*

With respect to the presentation of geographical segment information, the Group's segments are mainly managed and operating in Singapore. Accordingly, the Group does not consider it meaningful to allocate revenues, assets and capital expenditure to specific geographical segments.

#### *Major customer*

There is no customer within the segments that represents more than 10% of the Group's revenue.

### 20 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### *Investment property*

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the markets' general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

#### *Share-based payment transactions*

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

#### *Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 21 FINANCIAL RISK MANAGEMENT

### *Overview*

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

### *Risk management framework*

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

### *Credit risk*

The Group has a credit policy in place which establishes credit limit for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on customers requiring credit over certain amount. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities. Given the high credit ratings, management does not expect any counterparty to fail to meet its obligations.

### *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 21 FINANCIAL RISK MANAGEMENT (CONT'D)

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

In respect of other monetary assets and liabilities held in currencies other than the entity's functional currency, the Group ensures that the net exposure to currency fluctuation is kept to an acceptable level.

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group does not have significant exposure to equity price risks.

### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding non-controlling interest. The Board also monitors the levels of dividends to ordinary shareholders.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group has a scrip dividend scheme to provide an opportunity for ordinary shareholders to make an election to receive dividends in the form of shares, credited as fully paid up instead of cash. It will enable ordinary shareholders to participate in the equity capital of the Group without incurring brokerage fees, stamp duty and other related costs. The Group will also benefit from the participation by ordinary shareholders in the scheme as, to the extent that ordinary shareholders elect to receive dividend in the form of shares, the cash which would otherwise be payable by way of cash dividends may be retained to fund the growth and expansion of the Group. The issue of shares in lieu of cash dividends under the scheme will also enlarge the Group's share capital base and the retention of cash will strengthen its working capital position.

The Group has a defined share buy-back plan to purchase its own shares on the market; the timing of these purchases depends on market prices.

The Company and its subsidiaries are not subject to externally imposed capital requirements, except for Raffles Healthcare Insurance Pte Ltd (formerly known as International Medical Insurers Pte Ltd) which is required to comply with applicable insurance regulations.

## 22 OPERATING LEASES

### Leases as lessee

At 31 December 2012, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

|                       | Group          |                | Company        |                |
|-----------------------|----------------|----------------|----------------|----------------|
|                       | 2012<br>\$'000 | 2011<br>\$'000 | 2012<br>\$'000 | 2011<br>\$'000 |
| Payable:              |                |                |                |                |
| Within 1 year         | 6,284          | 5,914          | 5,442          | 5,224          |
| Between 1 and 5 years | 9,387          | 10,141         | 8,106          | 9,089          |
|                       | 15,671         | 16,055         | 13,548         | 14,313         |

The leases typically run for an initial period of three to six years, with an option to renew the lease after that date. For renewed leases, the lease payments are determined based on the prevailing market rent at the point of renewal.



# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 22 OPERATING LEASES (CONT'D)

### *Leases as lessor*

At 31 December 2012, the Group has future minimum lease and sub-lease income receivables under non-cancellable operating leases as follows:

| Group                 | 2012<br>\$'000 | 2011<br>\$'000 |
|-----------------------|----------------|----------------|
| Receivable:           |                |                |
| Within 1 year         | 3,592          | 4,980          |
| Between 1 and 5 years | 4,436          | 7,424          |
|                       | <u>8,028</u>   | <u>12,404</u>  |

During the year, \$4,927,000 was recognised as rental income pertaining to investment properties held by the Group (2011: \$5,439,000). Direct expenses in relation to this rental income were as follows:

| Group                      | 2012<br>\$'000 | 2011<br>\$'000 |
|----------------------------|----------------|----------------|
| Income-generating property | 787            | 657            |
| Vacant property            | <u>239</u>     | <u>61</u>      |

## 23 CAPITAL COMMITMENTS

At 31 December 2012, capital commitments contracted but not provided for by the Group in the financial statements amounted to \$2,304,000 (2011: nil). This relates to purchase and implementation of software system for the Group.

## 24 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

### *Transactions with key management personnel*

Key management personnel participate in the Employee Share Option Scheme. 970,000 (2011: 800,000) share options were granted to the key management personnel of the Company during the year. The share options that were granted during the year were on the same terms and conditions as those offered to other employees of the Company as described in note 10. At the reporting date, 2,587,000 (2011: 2,851,000) of the share options granted to the directors of the Company were outstanding.

## Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

### 25 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation comprised:

| Group   | 2012<br>\$'000 | 2011<br>\$'000 |
|---|----------------|----------------|
| Directors' remuneration included in staff costs | 9,333          | 9,137          |
| Directors' fees                                 | 235            | 220            |
| Share-based benefits                            | 392            | 377            |
|   | <u>9,960</u>   | <u>9,734</u>   |

### 26 GROUP ENTITIES

| Company  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| Investments in subsidiaries                      | 31,997         | 27,912         |
| Amounts due from subsidiaries (mainly non-trade) | <u>231,073</u> | <u>231,073</u> |
|  | <u>263,070</u> | <u>258,985</u> |

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand. The management of the Company does not intend for the amounts to be repaid within the next twelve months.

Details of subsidiaries are as follows:

| Name of subsidiary  | Principal activities   | Place of incorporation and business | Effective equity interest held by the Group |           |
|---|--|-------------------------------------|---|-----------|
|   |  |                                     | 2012<br>%                                   | 2011<br>% |
| <sup>1</sup> Raffles Hospital Pte Ltd                               | Provision of general and specialised medical services and operation of a hospital                                | Singapore                           | 100   | 100       |
| <sup>1</sup> Raffles Diagnostica Pte Ltd                            | Operation of medical laboratory and imaging centre   | Singapore                           | 100   | 100       |
| <sup>1</sup> Raffles Medical Properties Pte Ltd and its subsidiary: | Investment holding   | Singapore                           | 100   | 100       |
| <sup>1</sup> Raffles Hospital Properties Pte Ltd                    | Property owner   | Singapore                           | 100   | 100       |
| <sup>3</sup> Raffles International Medical Assistance Pte Ltd       | Provision of medical evacuation and repatriation and provision of medical advisory services (currently inactive) | Singapore                           | 100   | 100       |
| <sup>1</sup> Raffles Medical Management Pte Ltd                     | Property owner   | Singapore                           | 100   | 100       |

# Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

## 26 GROUP ENTITIES (CONT'D)

| Name of subsidiary   | Principal activities  | Place of incorporation and business | Effective equity interest held by the Group |                  |
|--|---|-------------------------------------|---|------------------|
|  |   |                                     | 2012<br>%                                   | 2011<br>%        |
| <sup>3</sup> Raffles SurgiCentre Pte Ltd   | Provision of general and specialised medical services and operation of a hospital (dormant) | Singapore                           | 100   | 100              |
| <sup>1</sup> Raffles Japanese Clinic Pte Ltd   | Operation of medical clinics and provision of medical services                              | Singapore                           | 80  | 80               |
| <sup>1</sup> Raffles Health Pte Ltd  | Trading in pharmaceutical and nutraceutical products and diagnostic equipment               | Singapore                           | 100   | 100              |
| <sup>1</sup> Aptitude (2003) Pte Ltd   | Provision of advisory and consultancy services and developing IT solutions                  | Singapore                           | 100   | 100              |
| <sup>1</sup> Raffles Medical International Pte Ltd and its subsidiaries:                                     | Investment holding  | Singapore                           | 100   | 100              |
| <sup>2</sup> Raffles Medical Group (Hong Kong) Limited and its subsidiaries:                                 | Investment holding and provision of medical and dental treatment services                   | Hong Kong                           | 100   | 100              |
| <sup>2</sup> Coors Consultants Limited   | Provision of consultancy services   | Hong Kong                           | 100   | 100              |
| <sup>2</sup> Medical Properties Co. Limited  | Investment holding and provision of medical services and hospital operation                 | Hong Kong                           | 100   | 100              |
| <sup>5</sup> Renguang Management Consultancy (Shanghai) Co. Ltd  | Management consultancy  | China                               | 100   | 100              |
| <sup>1</sup> Raffles Healthcare Insurance Pte Ltd (formerly known as International Medical Insurers Pte Ltd) | Provision of health and related insurance   | Singapore                           | 100   | 100              |
| <sup>3</sup> PT Raffles Medika Indonesia   | Provision of hospital and healthcare management and consultancy services                    | Indonesia                           | 100 <sup>4</sup>                            | 100 <sup>4</sup> |

## Notes to the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2012

### 26 GROUP ENTITIES (CONT'D)

| Name of subsidiary                                       | Principal activities   | Place of incorporation and business | Effective equity interest held by the Group |           |
|--|--|-------------------------------------|---|-----------|
|  |  |                                     | 2012<br>%                                   | 2011<br>% |
| <sup>1</sup> Raffles Chinese Medicine Pte Ltd            | Provision of general medical services, acupuncture and acupressure       | Singapore                           | 100   | 100       |
| <sup>3</sup> Raffles Korean Clinic Pte Ltd               | Operation of medical clinics and provision of medical services (dormant) | Singapore                           | 100   | 100       |
| <sup>3</sup> RMG Capital Pte Ltd and its subsidiary:     | Investment holding (dormant)   | Singapore                           | 100   | 100       |
| <sup>3</sup> Asian Healthcare Capital Management Pte Ltd | Property owner (dormant)   | Singapore                           | 100   | 100       |
| <sup>3</sup> International Medical Investment Co., Ltd   | Investment holding (dormant)   | British Virgin Islands              | 100   | 100       |

<sup>1</sup>Audited by KPMG LLP, Singapore

<sup>2</sup>Audited by Lawrence Cheung C.P.A. Company Limited., Hong Kong

<sup>3</sup>Not required to be audited

<sup>4</sup>Shares of this subsidiary are partially held in trust by a director and an employee of the subsidiary

<sup>5</sup>Audited by Shanghai Deking Certified Public Accountants Co., Ltd

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

### 27 DIVIDENDS

After the respective reporting dates, the directors proposed a one-tier tax exempt final dividend of 3.5 cents (2011: 3.0 cents) per share amounting to \$19,069,000 (2011: \$16,030,000). The dividends have not been provided for and there is no income tax consequences.

### 28 SUBSEQUENT EVENT

On 31 January 2013, the Group entered into a non-binding Letter of Intent with China Merchants Shekou Industrial Zone Co., Ltd, a wholly-owned subsidiary of China Merchants Group, to collaborate on the proposed development of an integrated international hospital in Shekou, Shenzhen, the People's Republic of China.

The proposed hospital development is subject to finalisation of terms and relevant regulatory approvals.

# Shareholdings Statistics

AS AT 11 MARCH 2013

Class of shares - Ordinary shares  
 Voting rights - 1 vote per ordinary share

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 11 March 2013, approximately 33.6% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

## ANALYSIS OF SHAREHOLDINGS

| Range of Shareholdings | No. of Shareholders | %      | No. of Shares | %      |
|------------------------|---------------------|--------|---------------|--------|
| 1 - 999                | 633                 | 10.89  | 175,756       | 0.03   |
| 1,000 - 10,000         | 4,148               | 71.33  | 14,328,319    | 2.63   |
| 10,001 - 1,000,000     | 1,016               | 17.47  | 43,169,113    | 7.91   |
| 1,000,001 and above    | 18                  | 0.31   | 488,213,129   | 89.43  |
|                        | 5,815               | 100.00 | 545,886,317   | 100.00 |

## TWENTY LARGEST SHAREHOLDERS

As shown in the Register of Members and Depository Register

| No. | Name of Shareholder                   | No. of Shares | %     |
|-----|---------------------------------------|---------------|-------|
| 1   | Raffles Medical Holdings Pte Ltd      | 177,854,672   | 32.58 |
| 2   | Loo Choon Yong                        | 55,149,030    | 10.10 |
| 3   | DBS Nominees Pte Ltd                  | 41,955,904    | 7.69  |
| 4   | DBSN Services Pte Ltd                 | 37,245,942    | 6.82  |
| 5   | Citibank Nominees Singapore Pte Ltd   | 30,428,435    | 5.57  |
| 6   | BNP Paribas Securities Services       | 30,064,744    | 5.51  |
| 7   | Raffles Nominees (Pte) Ltd            | 27,910,427    | 5.11  |
| 8   | HSBC (Singapore) Nominees Pte Ltd     | 21,178,755    | 3.88  |
| 9   | S & D Holdings Pte Ltd                | 18,073,232    | 3.31  |
| 10  | UOB Nominees (2006) Pte Ltd           | 17,457,099    | 3.20  |
| 11  | United Overseas Bank Nominees Pte Ltd | 10,765,066    | 1.97  |
| 12  | Asian Medical Foundation Ltd          | 4,261,463     | 0.78  |
| 13  | Tan Tiang Lee                         | 4,174,148     | 0.77  |
| 14  | Western Properties Pte Ltd            | 3,826,000     | 0.70  |
| 15  | Yang Ching Yu                         | 2,933,600     | 0.54  |
| 16  | Yii Hee Seng                          | 2,512,798     | 0.46  |
| 17  | Tan Soo Nan                           | 1,263,000     | 0.23  |
| 18  | OCBC Nominees Singapore Pte Ltd       | 1,158,814     | 0.21  |
| 19  | Low Keok Giap                         | 989,990       | 0.18  |
| 20  | Wee Beng Geok                         | 903,000       | 0.17  |
|     |                                       | 490,106,119   | 89.78 |

## Shareholdings Statistics (cont'd)

AS AT 11 MARCH 2013

### SUBSTANTIAL SHAREHOLDERS

| Name  | Direct Interest | %     | Deemed Interest | %     | Total Interest | %     |
|---|-----------------|-------|-----------------|-------|----------------|-------|
| Dr Loo Choon Yong                                     | 55,267,121      | 10.13 | 230,825,875     | 42.28 | 286,092,996    | 52.41 |
| Raffles Medical Holdings Ptd Ltd                      | 212,255,425     | 38.88 | -               | -     | 212,255,425    | 38.88 |
| Aberdeen Asset Management PLC <sup>(1)</sup>          | -               | -     | 38,148,965      | 6.99  | 38,148,965     | 6.99  |
| Aberdeen Asset Management Asia Limited <sup>(1)</sup> | -               | -     | 34,565,965      | 6.33  | 34,565,965     | 6.33  |
| FMR LLC, FIL Limited, and Edward C. Johnson 3D        | -               | -     | 35,554,949      | 6.51  | 35,554,949     | 6.51  |

**Note:**

*(1) Aberdeen Asset Management PLC owns 100% of Aberdeen Asset Management Asia Limited. Accordingly, Aberdeen Asset Management PLC is deemed interested in the shares held by Aberdeen Asset Management Asia Limited pursuant to Section 7(4) of the Companies Act.*



## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 24<sup>th</sup> Annual General Meeting (AGM) of Raffles Medical Group Ltd (the Company) will be held at 585 North Bridge Road, Raffles Hospital, #11-00, Singapore 188770 on Tuesday, 23 April 2013 at 11.30 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolutions as Ordinary Resolutions:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2012 and the Auditors' Report thereon. **(Resolution 1)**
2. To declare a one-tier tax exempt final dividend of 3.5 Singapore cents per share for the year ended 31 December 2012 in accordance with the Scrip Dividend Scheme (2011: 3.0 Singapore cents per share). **(Resolution 2)**
3. To approve Directors' fees (S\$180,000) for the year ended 31 December 2012 (2011: S\$165,000). **(Resolution 3)**
4. To re-elect Professor Lim Pin, a Director retiring in accordance with Section 153(6) of the Companies Act, to hold office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 4)**
5. To re-elect Mr Tan Soo Nan, who is retiring by rotation in accordance with Article 93 of the Articles of Association of the Company and who, being eligible, offer himself for re-election. **(Resolution 5)**
6. To re-elect Associate Professor Wee Beng Geok, who is retiring by rotation in accordance with Article 93 of the Articles of Association of the Company and who, being eligible, offer herself for re-election. **(Resolution 6)**
7. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**
8. To transact any other business which may be properly transacted at an Annual General Meeting. **(Resolution 8)**

### AS SPECIAL BUSINESS

To consider and if thought fit, approve, with or without modification, the following resolutions as Ordinary Resolutions:

#### 9. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST), authority be and is hereby given to the Directors of the Company to:

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

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

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

# Notice of Annual General Meeting (cont'd)

## AS SPECIAL BUSINESS (CONT'D)

### 9. Authority to allot and issue shares (cont'd)

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of convertible securities;
  - (ii) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
  - (iii) any subsequent bonus issue or consolidation or sub-division of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 9)**

### 10. Authority to allot and issue shares under the Raffles Medical Group Share Option Scheme

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the Raffles Medical Group Share Option Scheme (the Scheme) and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of such options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time. **(Resolution 10)**

### 11. The Proposed Renewal of Share Buy Back Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (**Shares**) not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (i) an on-market Share Buy Back (**On-Market Share Buy Back**), transacted on the SGX-ST through the ready market or the special trading counter on SGX-ST trading system or on any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

## Notice of Annual General Meeting (cont'd)

### 11. The Proposed Renewal of Share Buy Back Mandate (cont'd)

- (ii) off-market purchase(s) (**Off-Market Equal Access Share Buy Back**) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchanges as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **Share Buy Back Mandate**);
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
  - (i) the date on which the next Annual General Meeting of the Company is held; or
  - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held;
- (c) in this Resolution:

**"Average Closing Price"** means the average of the last dealt prices of a Share for the five consecutive market days on which the Shares are transacted on the SGX-ST immediately preceding the date of the On-Market Share Buy Back by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Equal Access Share Buy Back, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

**"Date of the Making of the Offer"** means the date on which the Company announces its intention to make an offer for an Off-Market Equal Access Share Buy Back, stating the purchase price (which shall not be more than 5% above the Average Closing Price of the Shares, excluding related expenses of the purchase or acquisition) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Equal Access Share Buy Back;

**"Maximum Percentage"** means that the number of issued Shares representing 10% of the issued Shares of the Company as at the date of the passing of this Resolution; and

**"Maximum Price"** in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

- (i) in the case of a market purchase of a Share, more than 5% of the Average Closing Price (as defined above) of the Shares;
- (ii) and in the case of an off-market purchase of a Share, more than 5% of the Average Closing Price of the Shares; and
- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. **(Resolution 11)**

### 12. Authority to issue ordinary shares under the Scrip Dividend Scheme

That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares as may be required to be allotted and issued pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme. **(Resolution 12)**

BY ORDER OF THE BOARD

Kimmy Goh  
Company Secretary

Singapore, 8 April 2013

## Notice of Annual General Meeting (cont'd)

### Explanatory Notes:

Ordinary Resolution 2 above, if passed, will give the members the option to participate in a Scrip Dividend Scheme to receive New Shares in lieu of part or all of the cash amount of the said dividend pursuant to the terms and conditions as set out in the Scrip Dividend Scheme Statement duly approved by Shareholders at the Extraordinary General Meeting of the Company held on 30 April 2010.

Ordinary Resolution 3 above, if passed, is to seek approval for the payment of up to S\$180,000 to all directors as directors' fees for the financial year ended 31 December 2012.

In relation to Ordinary Resolution 4 above, Professor Lim Pin is considered an independent Director and will, upon re-election, continue to serve as a member of the Nomination & Compensation Committee.

In relation to Ordinary Resolution 5 above, Mr Tan Soo Nan will, upon re-election, relinquish his Chairmanship of the Audit Committee and will continue to serve as a member of the Audit Committee. He is considered an independent Director.

In relation to Ordinary Resolution 6 above, Associate Professor Wee Beng Geok is considered an independent Director and will, upon re-election, continue to serve as the Chairman of the Nomination & Compensation Committee, and will cease to serve as a member of the Audit Committee.

Ordinary Resolution 9 above, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting to allot and issue shares and convertible securities in the Company up to an amount not exceeding in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company, for the time being.

Ordinary Resolution 10 above, if passed, will empower the Directors to issue shares in the capital of the Company pursuant to the exercise of the options under the Raffles Medical Group Share Option Scheme provided that the aggregate number of shares to be issued does not exceed 15% of the total number of shares issued by Company at any time.

Ordinary Resolution 11 above, if passed, will renew the Share Buy Back Mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of the Resolution. Further details are set out in the letter to shareholders which is enclosed with the Company's Annual Report.

Ordinary Resolution 12 above, if passed, will empower the Directors of the Company to issue ordinary shares pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme (Scheme) to members who have elected to receive scrip in lieu of cash in respect of any dividend to which the Scheme is applied.

### Notes:

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.*
2. *The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 585, North Bridge Road, Raffles Hospital, #11-00, Singapore 188770, not less than 48 hours before the time fixed for holding the Meeting.*

**IMPORTANT**

1. For investors who have used their CPF monies to buy Raffles Medical Group Ltd shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominee and is sent FOR INFORMATION ONLY.
2. 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.

## Proxy Form

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/members of the abovementioned Company hereby appoint:

| Name | Address | NRIC / Passport Number | Proportion of Shareholdings (%) |
|------|---------|------------------------|---------------------------------|
|      |         |                        |                                 |

And/or (delete as appropriate)

| Name | Address | NRIC / Passport Number | Proportion of Shareholdings (%) |
|------|---------|------------------------|---------------------------------|
|      |         |                        |                                 |

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, and if necessary, to demand a poll at the Annual General Meeting of the Company to be held on Tuesday, 23 April 2013 at 11.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolution to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

| No.               | RESOLUTIONS  | To be used on a show of hands |          | To be used in the event of a poll |           |
|-------------------|--|-------------------------------|----------|-----------------------------------|-----------|
|                   |  | For*                          | Against* | For**                             | Against** |
| ORDINARY BUSINESS |  |                               |          |                                   |           |
| 1.                | Adoption of Directors' Report, Audited Financial Statements and Auditors' Report   |                               |          |                                   |           |
| 2.                | Declaration of Final Dividend  |                               |          |                                   |           |
| 3.                | Approval of Directors' Fees  |                               |          |                                   |           |
| 4.                | Re-election of Professor Lim Pin retiring under Section 153(6) of the Companies Act  |                               |          |                                   |           |
| 5.                | Re-election of Mr Tan Soo Nan in accordance with Article 93 of the Articles of Association of the Company                    |                               |          |                                   |           |
| 6.                | Re-election of Associate Professor Wee Beng Geok in accordance with Article 93 of the Articles of Association of the Company |                               |          |                                   |           |
| 7.                | Re-appointment of KPMG LLP as Auditors   |                               |          |                                   |           |
| 8.                | To transact any other business   |                               |          |                                   |           |
| SPECIAL BUSINESS  |  |                               |          |                                   |           |
| 9.                | Authority to allot and issue shares  |                               |          |                                   |           |
| 10.               | Authority to allot and issue shares under the Raffles Medical Group Share Option Scheme                                      |                               |          |                                   |           |
| 11.               | Renewal of the Share Buy Back Mandate  |                               |          |                                   |           |
| 12.               | Authority to issue ordinary shares under the Scrip Dividend Scheme   |                               |          |                                   |           |

\* Please indicate how you wish to vote "For" or "Against" with an "X" within the box provided.

\*\* If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes placed accordingly.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2013

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal**Total Number of  
Shares Held****IMPORTANT: PLEASE READ NOTES OVERLEAF**

Affix  
Stamp  
Here  
Please

**The Company Secretary**  
**Raffles Medical Group Ltd**  
585 North Bridge Road  
#11-00 Raffles Hospital  
Singapore 188770

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**Notes:**

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. Such proxy need not be a member of the Company. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the registered office of the Company at 585 North Bridge Road, Raffles Hospital, #11-00, Singapore 188770, not less than 48 hours before the time fixed for the Annual General Meeting.

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 24th Annual General Meeting, in accordance with Section 161 of the Companies Act, Chapter 50 of Singapore.

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 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.

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 whose shares are entered 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 as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited ("CDP") to the Company.

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## ***Raffles*MedicalGroup**

Company Registration No. 198901967K

585 North Bridge Road

Raffles Hospital #11-00

Singapore 188770

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