RafflesMedicalGroup

ANNUAL REPORT 2016

THE People of Raffles

VISION

Your Trusted Partner *for* Health

ON THE COVER

Our team of healthcare professionals (from left to right):
Geriatrician Dr Nur Farhan Abbas
Senior Staff Nurse Bacena Michael Bautista
Managing Partner and Cardiologist Dr Abdul Razakjr Bin Omar
Chief Radiographer Santhosh Kumar and
Nurse Clinician Cynthia Ko

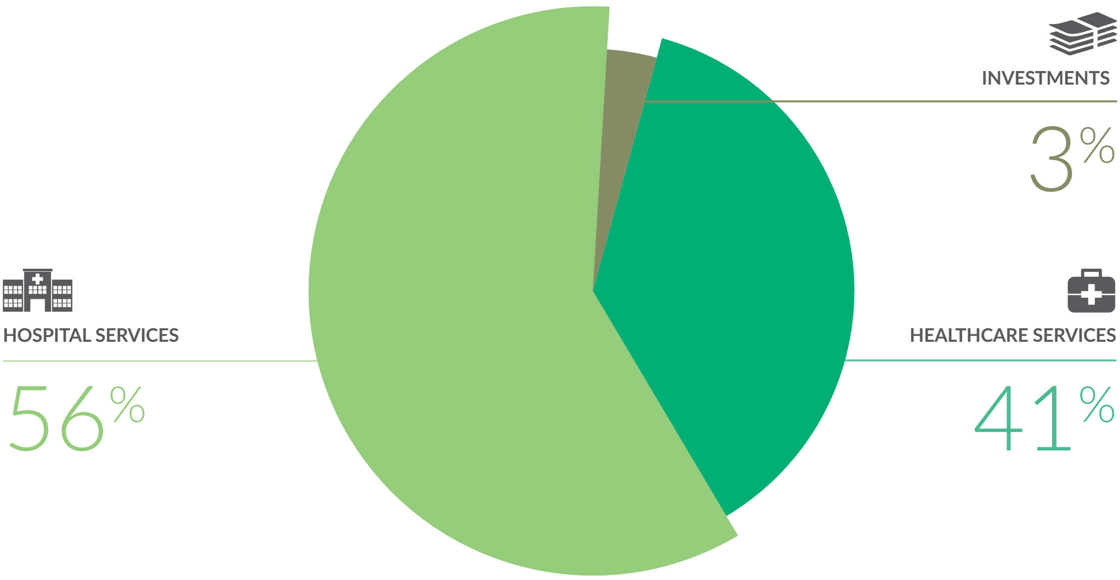
CORE VALUES

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.
Team-Based Care	We dedicate and combine our skills, knowledge and experience for your benefit.
Value	We seek always to create and deliver value for you.

Contents

Financial Highlights

Revenue Contributed by Segment



GROUP REVENUE

$473.6m

↑ 15.4%

Group achieved 15.4% growth in revenue to $473.6 million

HOSPITAL SERVICES DIVISION

$285.3m

↑ 6.3%

Revenue from Hospital Services Division grew 6.3% to $285.3 million

HEALTHCARE SERVICES DIVISION

$209.9m

↑ 30.8%

Revenue from Healthcare Services Division grew 30.8% to $209.9 million

EBITDA

$96.6m

↑ 3.4%

Earnings before interest, taxes, depreciation and amortisation (EBITDA) grew by 3.4% to $96.6 million

PATMI

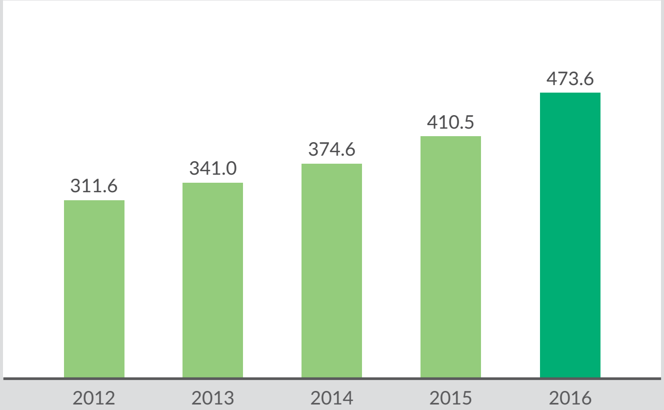
$70.2m

↑ 1.3%

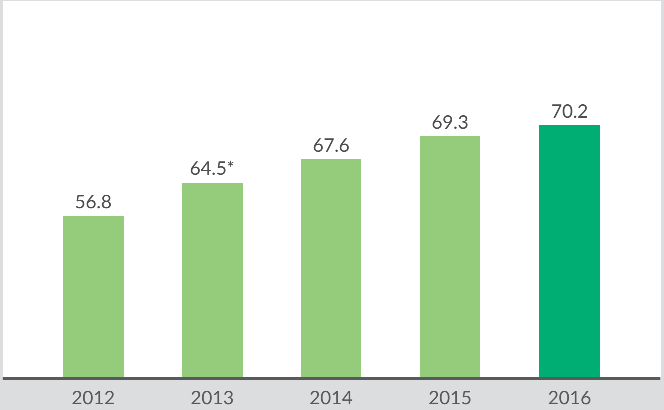
Profit after tax and minority interests (PATMI) grew by 1.3% to $70.2 million

Financial Summary

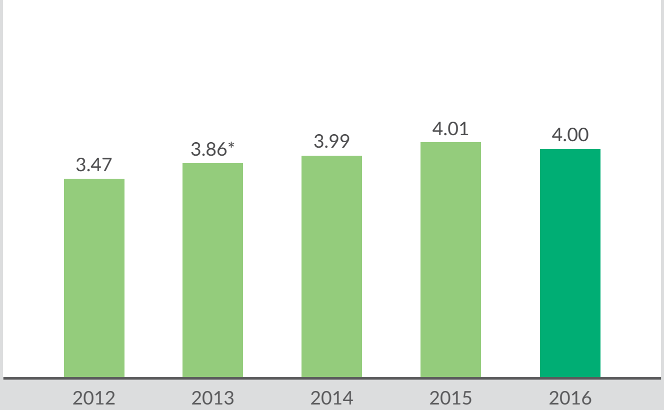
GROUP REVENUE ($'M)



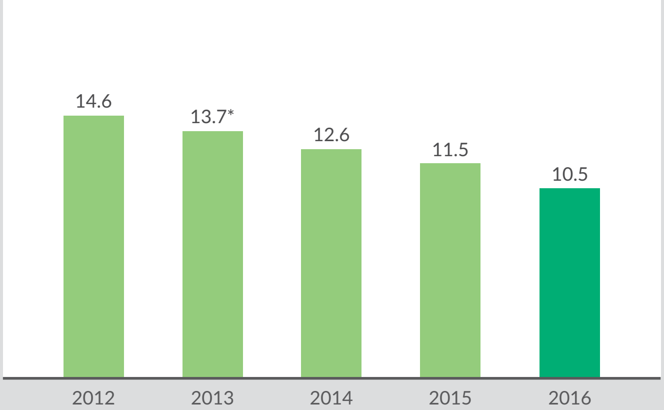
PATMI ($'M)



EARNINGS PER SHARE** (CENTS)



RETURN ON EQUITY (%)



	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000
Revenue	311,633	340,989	374,641	410,535	**473,608**
EBITDA	74,258	82,207*	89,973	93,411	**96,611**
Operating Profit	66,355	73,939*	80,327	80,604	**81,946**
Profit Before Tax	66,585	74,850*	81,281	81,607	**82,930**
PATMI	56,849	64,504*	67,639	69,291	**70,210**
Profit After Tax	57,209	64,907*	67,962	69,031	**67,946**
Diluted Earnings per Share** (cents)	3.47	3.86*	3.99	4.01	**4.00**
Net Asset Value per Share** (cents)	23.76	28.44	31.83	34.96	**38.12**
Return on Equity (%)	14.6	13.7*	12.6	11.5	**10.5**

* Excluding the gain on disposal of a subsidiary in 2013.
** Adjusted for share split in May 2016 (3 for 1).

Senior Staff Nurse
Katrina Anne Dakis Larios
assisting an elderly patient
during his medical appointment.

01:26

The Raffles 24-hour emergency team fighting against time to treat a patient who has met with an accident.

03:50

A medical technologist conducting a blood sample analysis for a walk-in patient.

Compassionate People, Boundless Care

Your well-being is the focus of what we do. Our dedicated team of staff doctors, nurses, and allied health professionals work as a group to provide holistic care on your road to recovery.

- Largest Integrated Private Healthcare Provider In Singapore
- Presence In 13 Cities across Asia

08:05

Specialists across disciplines speaking to their patient at the hospital's sky garden.

10:14

A cardiologist explaining the findings of a patient's angiogram study.

Chairman's Message

We achieved a record revenue of $473.6 million for the year ended 2016 with all divisions contributing positively to the growth of the Group.

DEAR SHAREHOLDERS

The Group continued to do well in 2016 despite the economic slowdown. We achieved a record revenue of $473.6 million for the year ended 2016 with all divisions contributing positively to the growth of the Group.

PEOPLE OF RAFFLES

Raffles has been caring for our ever growing group of patients for 40 years. We have grown steadily and thoughtfully these 40 years and are now in 13 cities in Asia. Today, we serve more than 2.2 million patients and 6,800 corporate clients through over 100 clinics and medical centres, as well as Raffles Hospital in Singapore. This achievement is possible only because of the people of Raffles: patients, clients, staff, shareholders and members of the Board.

RAFFLES PATIENTS AND CLIENTS

Since 1976, we have looked after every patient entrusted to us, with the same care that we would render our own family members. We commit ourselves to treat every patient with compassion and to add value to their lives.

Our opening of multi-disciplinary medical centres in Shaw Centre and Raffles Holland V allow us to be in more places and nearer to our patients. The medical centres are well-attended and offer a full range of medical services from family medicine and dental services to specialist services and traditional Chinese medicine services.

Raffles Hospital is the first and only private hospital in Singapore to take in subsidised care patients from SCDF ambulances through the Emergency Care Collaboration scheme with the Ministry of Health. Since June 2015, we have attended to and treated many patients who only need to pay subsidised Class C rates. Government subsidies help defray some of the cost. In this way, we contribute to the national effort in ensuring that our fellow Singaporeans receive the needed care in a timely manner.

All Raffles Medical and Raffles Dental clinics participate in the Pioneer Generation (PG) and Community Health Assist Scheme (CHAS) subsidy programmes to support the government's efforts to help the needy.

Our opening of multi-disciplinary medical centres in Shaw Centre and Raffles Holland V allow us to be in more places and nearer to our patients

Pledged a donation of $1 million to the National Kidney Foundation (NKF)

Today, we serve our patients and corporate clients in 13 cities in Asia holistically, through a seamlessly integrated healthcare system. We are now able to provide medical care and support to the many Singaporean patients travelling within the region for work and play, and the many more corporate clients expanding their businesses to the region.

THE RAFFLES TEAM

Our team of 380 multi-specialty physicians, 900 nurses and allied health professionals, 90 healthcare managers and 1,000 other staff form the Raffles group practice. We provide quality care and serve our patients professionally and compassionately. Our high standard of care allowed Raffles to win awards in service and branding, be accredited by standards such as JCI and ISO, and partner with leaders in healthcare such as Mayo Clinic. For this, we are proud and grateful.

In 2016, we brought in more like-minded doctors, dentists, physicians, nurses and allied health staff to support the growing business as well as to deepen the breadth and depth of our services. When the new hospital extension is completed at the end of this year, it will allow the hospital to grow even more in the next 10 years.

RAFFLES AND THE COMMUNITY

Last year, in line with our 40th anniversary, we pledged a donation of $1 million to the National Kidney Foundation (NKF) for the setting up of the Raffles-NKF Renal Wellness Centre at Raffles Hospital and a Raffles-NKF Peritoneal Dialysis & Wellness Centre at Whampoa.

250 of our employees and their families walked over 600 kilometres to raise more than 6,000 bowls of rice for needy families in the South East district. We also provided 94 senior citizens from South East CDC with free health and dental screenings.

We will continue to do our part as a good and responsible corporate citizen supporting education, healthcare for the needy and other worthwhile charitable causes.

As we strive to be "your trusted partner for health", we will hold fast to our core values: compassion, commitment, excellence, team-based care and value.

RAFFLES SHAREHOLDERS AND BOARD

We thank our Board and shareholders for supporting and helping us to hold true to our values. In particular, we record our appreciation for the support and guidance of our Board of Directors. Through their frequent interactions with the senior management, valuable guidance on strategic as well as business matters were provided, keeping us focused and disciplined.

Raffles would not have been what it is today if not for its many talented physicians, nurses, managers and healthcare personnel who consistently worked out of the limelight to provide care for our patients and corporate clients through the years. This coupled with contributions and support from our patients and partners, have accounted for the success of Raffles. We look forward to your support to enable Raffles to achieve more in the coming years.

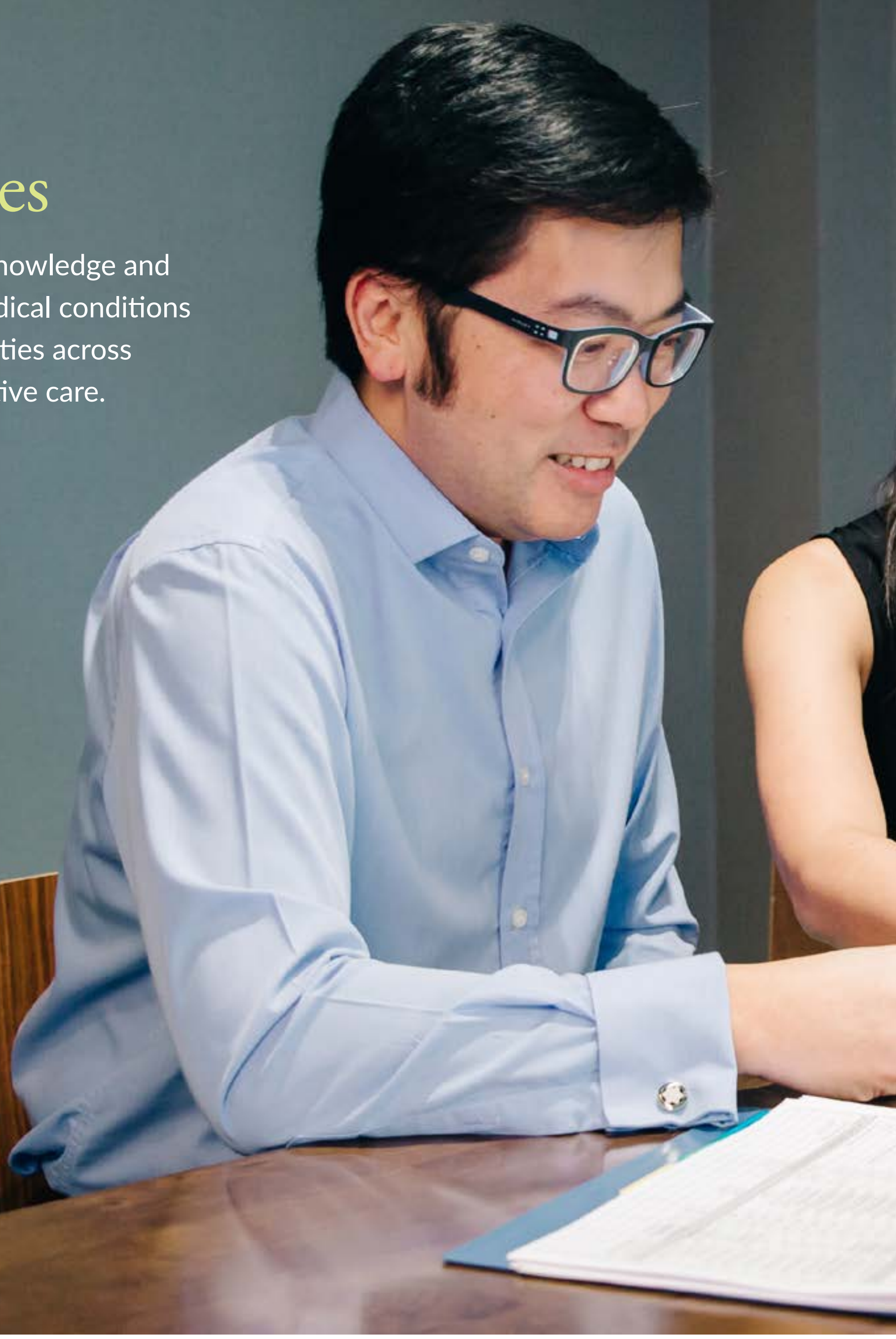
Dr Loo Choon Yong
Executive Chairman

Competent People, Limitless Capabilities

We work together to combine our diverse knowledge and expertise, so that patients with complex medical conditions are able to draw on our professional capabilities across disciplines to experience quality and innovative care.

2.2 Million
Patients Annually

6,800
Corporate Clients



(From left to right)
General Surgeon Dr Anthony Tang,
24 Hour Emergency Resident Physician Dr Tan Pik Ling
and Senior Clinical Director Dr Alfred Loh,
discussing about a patient's case.

12:28

A nurse handing a complete medical report to a corporate client after his comprehensive health screening.

13:30

A Raffles Health Insurance manager thanking his client for entrusting her employees' healthcare needs to Raffles.

15:35

A gynaecologist conducting an ultrasound scan and assuring patient that her baby is developing well.

16:27

A paediatrician examining a young patient carefully for growths on her neck.

Board of Directors

Front (From left to right):

Dr Wee Beng Geok
Chairman of Nomination & Compensation Committee and Independent Director

Dr Loo Choon Yong
Executive Chairman and Co-Founder

Mr Tan Soo Nan
Non-Independent Director

Back (From left to right):

Mr Raymond Lim Siang Keat
Independent Director

Mr Lim Beng Chee
Independent Director

Mr Olivier Lim Tse Ghow
Non-Independent Director

Mr Kee Teck Koon
Chairman of Audit & Risk Committee and Independent Director

Mr Eric Ang Teik Lim
Independent Director

Mr Koh Poh Tiong
Lead Independent Director

Professor Lim Pin
Independent Director

1. Dr Loo Choon Yong

Executive Chairman and Co-Founder

Dr Loo Choon Yong is the Executive Chairman of Raffles Medical Group. He co-founded the Group in 1976 and was appointed to his current position in 1997 when the Group was listed on the Singapore Stock Exchange. He is also the Chairman of the Asian Medical Foundation Ltd and Raffles Health Insurance Pte Ltd as well as Director of International SOS (MC Holdings) Pte Ltd.

In the area of public service, Dr Loo was appointed by the President of Singapore in 2015, as the Non-Resident Ambassador to the Republic of Poland. Prior to this, he was Non-Resident Ambassador to the Italian Republic between 2006 and 2015. 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 was previously the Chairman of Sentosa Development Corporation and Sentosa Golf Club.

Dr Loo was a Nominated Member of Parliament from 2005 to 2006 and again from 2007 to 2009. He was a member of the Board of Trustees of Singapore Management University (SMU) from 2000 to January 2014. He was also previously the Deputy Chairman of the Action Committee for Entrepreneurship (ACE), a public-private collaboration to promote entrepreneurship in Singapore, a member of the Government Economic Review Committee (ERC) from 2001 to 2003 and Chairman of 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.

In February 2015, Dr Loo received the SG50 Outstanding Chinese Business Pioneers Award from the Singapore Chinese Chamber of Commerce & Industry. In April 2013, he was named Businessman of the Year 2012 at the Singapore Business Awards, jointly organised by The Business Times and DHL. In May 2010, Dr Loo was named Best Chief Executive Officer in the mid-cap category of the Singapore Corporate Awards organised by The Business Times and supported by the Singapore Stock Exchange.

He joined the Board on 16 May 1989.

2. Mr Koh Poh Tiong

Lead Independent Director

Mr Koh Poh Tiong is currently Board Director & Adviser of Fraser & Neave Limited (F&N). He was previously the Chief Executive Officer (CEO) of F&N's Food & Beverage Division from 2008 to 2011, CEO of Asia Pacific Breweries Limited from 1993 to 2008 and Non-Executive Chairman and Senior Advisor of Ezra Holdings Limited from 31 December 2012 to 31 January 2016.

Mr Koh also serves as Director in Bukit Sembawang Estates Limited, SATS Ltd, United Engineers Limited, Delfi Limited and The Great Eastern Life Assurance Company Limited as well as Chairman of Times Publishing Limited and Yunnan Yulinquan Liquor Co Ltd. He was previously 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 long-standing interest in sports and education. He is currently the Council Chairman of the Singapore Kindness Movement and Chairman of the National Kidney Foundation. He has previously served on the Singapore Youth Olympic Games Organising Committee, the Singapore Sports Council, the Football Association of Singapore, and on the MBA Advisory Board of the Nanyang Technological University.

For his contribution to society and business, Mr Koh was conferred the Public Service Star Award in 2013 as well as the Public Service Medal and the Service to Education Medal in 2007. Mr Koh was also named Outstanding Chief Executive of the Year at the Singapore Business Awards 1998, jointly organised by The Business Times and DHL.

Mr Koh holds a Bachelor of Science degree from the University of Singapore.

He joined the Board on 3 October 2011.

3. Mr Kee Teck Koon

Chairman of Audit & Risk Committee and Independent Director

Mr Kee Teck Koon is currently a Non-Executive Director of CapitaLand Limited and is also the Non-Executive Chairman of Changi Airports International Pte Ltd. Effective 9 January 2017, he assumed the position of interim Executive Director of NTUC Enterprise, whilst a search is being undertaken for a Group CEO successor. He holds Directorship positions in NTUC Enterprise Co-operative Limited, NTUC Income Insurance Co-operative Limited, Mandai Safari Park Holdings Pte Ltd and Lien Foundation.

Mr Kee was previously the Non-Executive Chairman of CapitaCommercial Trust Management Limited (the Manager of SGX-ST listed CapitaCommercial Trust). He also held several senior appointments within the CapitaLand Group including Chief Investment Officer of CapitaLand Limited (CapitaLand) and was responsible for overseeing the CapitaLand Group's Financial, Commercial and Retail businesses between April 2003 and January 2007.

Prior to that, Mr Kee was the Managing Director and Chief Executive Officer of The Ascott Limited, the Managing Director and Chief Executive Officer of Somerset Holdings Limited, Executive Vice President at Pidemco Land Limited, and had also held senior management appointments within several other organisations. He started his career in 1979 with the Singapore Armed Forces and the Ministry of Defence where he remained until 1991.

Mr Kee holds a Master of Arts in Engineering Science from the University of Oxford, United Kingdom.

He joined the Board on 3 January 2012.

4. Dr Wee Beng Geok

Chairman of Nomination & Compensation Committee and Independent Director

Dr Wee Beng Geok has more than 40 years of experience in the areas of human resource strategy, talent management and leadership development. She is well known as an expert in organisational behaviour and strategy, management and leadership, including human capital management, strategy implementation and change management.

In addition to her management experience in various companies, Dr Wee has held various academic appointments at the Nanyang Business School, Nanyang Technological University including Advisor and Director of Asian Business Case Centre, Consultant of the Division of Strategy, Management and Organisation, Programme Director of the MBA programme for Human Capital Management Specialisation as well as Associate Professor, Division of Strategy, Management and Organisation.

Dr Wee holds a PhD in Management Systems and Sciences from the University of Hull, a Master in Business Administration from Cranfield University, and a Bachelor of Business Administration from the University of Singapore.

She joined the Board on 27 November 2000.

5. Mr Tan Soo Nan

Non-Independent Director

Mr Tan Soo Nan currently serves on the Boards of public listed and private companies including Raffles Medical Group Ltd, SATS Ltd, Raffles Health Insurance Pte Ltd, ICE Futures Singapore Pte Ltd, ICE Clear Singapore Pte Ltd, and ICE Singapore Holdings Pte Ltd. Mr Tan is also active in social causes and serves as Chairman of Temasek Foundation Management Services CLG Limited and Director in Woh Hup Trust and the Society for the Physically Disabled, all of which are not-for-profit organisations.

Mr Tan had previously held the positions of Chief Executive Officer at Singapore Pools (Private) Limited, Singapore Totalisator Board, and Temasek Capital (Private) Limited as well as Senior Managing Director of DBS Bank. He was also previously a Director of OSIM International Ltd, Chairman of Temasek Education Foundation CLG Limited and has had over 30 years of experience in the banking amd financial services.

He joined the Board on 28 July 2000.

Board of Directors

6. Professor Lim Pin

Independent Director

Professor Lim Pin is currently Professor of Medicine at the National University of Singapore (NUS) and Emeritus Consultant Endocrinologist at the National University Hospital. He was the former Vice-Chancellor of NUS from 1981 to 2000, where under his leadership, NUS developed as a tertiary institution whose teaching, scholarship and quality of research commanded international respect. In recognition of his work and achievements, Professor Lim was accorded the highest academic title of 'NUS University Professor'.

Professor Lim has strong involvement in research and not-for-profit organisations. He was the Chairman of the National Wages Council from 2001 to 2014 and currently chairs the Singapore Millennium Foundation Limited, Special Needs Trust Company Limited (SNTC), Tropical Marine Science Institute (TMSI) Management Board, the Board of Trustees of the Ang Mo Kio – Thye Hua Kwan Hospital, NUHS Fund Ltd and NUHS Health & Research Endowment Fund Ltd. He is also Emeritus Advisor to the Bioethics Advisory Committee and co-chairs the Governing Boards of joint research centres such as the Singapore-MIT Alliance for Research and Technology (SMART), ETH Singapore SEC Ltd, TUM Campus for Research Excellence and Technological Enterprise (CREATE), Berkeley Education Alliance for Research in Singapore (BEARS) and Cambridge Centre for Advanced Research in Energy Efficiency in Singapore (CARES).

Professor Lim received the Outstanding Volunteer Award in October 2015 from the Minister for Social and Family Development and the Distinguished Service Award in April 2015 from the National Trades Union Congress. He was also awarded the Distinguished Service Order in 2000, Meritorious Service Medal in 1990 and Public Administration Medal (Gold) in 1984.

He joined the Board on 19 February 2001.

7. Mr Raymond Lim Siang Keat

Independent Director

Mr Raymond Lim is currently Executive Chairman of APS Asset Management and Senior Advisor to John Swire & Sons (S. E. Asia) Pte Limited. He also serves on the Boards of GIC Pte Ltd, Hong Leong Finance Limited and Swire Properties Limited.

Mr Lim was a former Cabinet Minister in the Singapore government and served as a Member of Parliament from 2001 to 2015. His ministerial appointments included Foreign Affairs, Trade & Industry, Entrepreneurship, Finance and Transport. He is currently also an Adjunct Professor at the Lee Kuan Yew School of Public Policy, National University of Singapore and the Nanyang Centre for Public Administration, Nanyang Technological University.

Prior to entering politics in 2001, Mr Lim held various senior positions in the financial industry including Managing Director of Temasek Holdings, Chief Executive Officer of DBS Securities and Group Chief Economist of ABN AMRO Asia Securities.

A Rhodes and Colombo Plan scholar, Mr Lim has degrees in economics and law from the Universities of Adelaide, Oxford and Cambridge.

He joined the Board on 25 April 2013.

8. Mr Olivier Lim Tse Ghow

Non-Independent Director

Mr Olivier Lim is currently Chairman of Certis CISCO Security Pte Ltd, Frasers Property Australia Pty Ltd and globalORE Pte Ltd, as well as a Director of SGX listed Banyan Tree Holdings Limited. He is also a member of the Board of JTC Corporation, the Board of Trustees of the Singapore Management University (SMU) and the Board of Governors of Northlight School. He serves on the Securities Industry Council and the Advisory Board of SMU's Institute for Societal Leadership.

Mr Lim worked at CapitaLand Limited from 2003 to 2014 and served as Group Deputy Chief Executive Officer, Group Chief Investment Officer and Group Chief Financial Officer (CFO) during his career there. He was named CFO of the Year in the Business Times Singapore Corporate Awards 2007. Between 1989 and 2003, he worked at Citibank Singapore in various roles in the corporate and investment banking units and was Head of the Real Estate Unit in his ultimate role.

Mr Lim has previously served as Non-Executive Chairman of ASX listed Australand Holdings Limited, Chairman of the Advisory Council of the Singapore CFO Institute and Chairman of Mount Faber Leisure Group. He has also held Directorships in several SGX listed companies, as well as served on the Boards of Sentosa Development Corporation and the Accounting and Corporate Regulatory Authority (ACRA).

Mr Lim holds a First Class Honours degree in Civil Engineering from the Imperial College of Science, Technology and Medicine in the United Kingdom.

Mr Lim was a member of the Board from 1 October 2009 to 28 June 2013. He re-joined the Board on 1 October 2014.

9. Mr Eric Ang Teik Lim

Independent Director

Mr Eric Ang is currently Senior Executive Advisor at DBS Bank Ltd, where he has been since the start of his banking career in 1978. Prior to this appointment, Mr Ang was Head of Capital Markets at DBS Bank Ltd. Through the years, he developed a long wealth of experience in Singapore's capital markets, having worked on landmark deals such as the listing of Singapore Airlines, Singapore Telecoms and CapitaMall Trust.

Currently, Mr Ang sits on the Board of Directors of Sembcorp Marine Ltd, Changi Airport Group (Singapore) Pte Ltd, Surbana Jurong Private Limited and DBS Foundation Ltd. He is the Co-Chairman of the SGX Disciplinary Committee and is one of the Vice-Chairmen of Community Chest in Singapore.

Mr Ang also sits on the Board of Directors of Hwang Capital (Malaysia) Berhad in Malaysia.

Mr Ang was awarded the Singapore National Day Awards Public Service Star in 2016 for his voluntary services to the community.

Mr Ang has a Bachelor's degree in Business Administration (Honours) from the University of Singapore.

He joined the Board on 24 April 2015.

10. Mr Lim Beng Chee

Independent Director

Mr Lim Beng Chee is the Chief Executive Officer and Executive Director of Shangri-La Asia Limited from 1 January 2017. He is also a Non-Executive Director in WIND Group Pte Ltd, SCPG Holdings Co Ltd and Changi Airports International Pte Ltd, where he is a member of the Audit Committee. Mr Lim was previously the Chief Executive Officer of CapitaMalls Asia Limited (CMA), now known as CapitaLand Mall Asia Limited, from 2008 to 2014. CMA is a developer, owner and operator of shopping malls in Singapore, China and other parts of Asia. CMA was listed on the Singapore Stock Exchange from 2009 to 2014.

Mr Lim has more than 15 years of experience in retail real estate investment, development, mall operations, asset management and fund management with DBS Land Limited, CapitaLand Limited and CapitaLand Mall Asia Limited including a two-year stint in Beijing, China as Chief Executive Officer of CapitaRetail China Trust Management Limited, Singapore's first China retail real estate investment trust.

Mr Lim graduated with a Bachelor of Arts in Physics (Honours) from the University of Oxford, and subsequently obtained a Post Graduate Diploma in Education from Nanyang Technological University (NTU). He also holds a Master of Business Administration (Accountancy) from NTU.

He joined the Board on 23 July 2015.

Further Information on Directors

Information as at 31 December 2016

Dr Loo Choon Yong, 67

Executive Chairman and Non-Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Medicine and Bachelor of Surgery, University of Singapore
- Diplomate Member, The College of General Practitioners, Singapore
- Diploma in Cardiac Medicine, University of London
- Bachelor of Law (Honours), University of London
- Barrister, Middle Temple

BOARD COMMITTEE(S) SERVED ON

Nil

CURRENT DIRECTORSHIPS IN LISTED COMPANIES

1. Raffles Medical Group Ltd (Executive Chairman and Non-Independent Director)

OTHER MAJOR APPOINTMENTS

1. Ministry of Foreign Affairs (Non-Resident Ambassador to the Republic of Poland)
2. JTC Corporation (Chairman)
3. Asian Medical Foundation Ltd (Chairman)
4. Raffles Health Insurance Pte Ltd (Chairman)
5. International SOS (MC Holdings) Pte Ltd (Chairman)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JAN 2014 TO 31 DEC 2016)

1. CapitaMalls Asia Limited (Lead Independent Director)

Mr Koh Poh Tiong, 70

Lead Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Science, University of Singapore

BOARD COMMITTEE(S) SERVED ON

- Audit & Risk Committee (Member)
- Nomination & Compensation Committee (Member)

CURRENT DIRECTORSHIPS IN LISTED COMPANIES

1. Raffles Medical Group Ltd (Non-Executive and Lead Independent Director)
2. Fraser & Neave Limited (Non-Executive and Non-Independent Director and Adviser)
3. SATS Ltd (Non-Executive and Independent Director)
4. United Engineers Limited (Non-Executive and Independent Director)
5. Delfi Limited (Non-Executive and Independent Director)

OTHER MAJOR APPOINTMENTS

1. Singapore Kindness Movement (Chairman)
2. National Kidney Foundation (Chairman)
3. Times Publishing Limited (Chairman)
4. The Great Eastern Life Assurance Company Limited (Director)
5. Yunnan Yulinquan Liquor Co Ltd (Chairman)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JAN 2014 TO 31 DEC 2016)

1. Ezra Holdings Limited (Non-Executive Chairman and Senior Advisor)

Mr Kee Teck Koon, 60

Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Arts, University of Oxford
- Master of Arts in Engineering Science, University of Oxford

BOARD COMMITTEE(S) SERVED ON

- Audit & Risk Committee (Chairman)

CURRENT DIRECTORSHIPS IN LISTED COMPANIES

1. Raffles Medical Group Ltd (Non-Executive and Independent Director)
2. CapitaLand Limited (Non-Executive and Independent Director)

OTHER MAJOR APPOINTMENTS

1. Changi Airports International Pte Ltd (Non-Executive Chairman)
2. NTUC Enterprise Co-operative Limited (Non-Executive Director)
3. NTUC Income Insurance Co-operative Limited (Non-Executive Deputy Chairman)
4. Mandai Safari Park Holdings Pte Ltd (Non-Executive Director)
5. Lien Foundation (Non-Executive Director)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JAN 2014 TO 31 DEC 2016)

1. CapitaCommercial Trust Management Limited (Non-Executive Chairman and Non-Executive Director)

Dr Wee Beng Geok, 68

Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- PhD in Management Systems & Sciences, University of Hull
- MBA, Cranfield School of Management, Cranfield University (previously Cranfield Institute of Technology)
- Bachelor of Business Administration, University of Singapore

BOARD COMMITTEE(S) SERVED ON

- Nomination & Compensation Committee (Chairman)

CURRENT DIRECTORSHIPS IN LISTED COMPANIES

1. Raffles Medical Group Ltd (Non-Executive and Independent Director)

OTHER MAJOR APPOINTMENTS

Nil

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JAN 2014 TO 31 DEC 2016)

Nil

Further Information on Directors

Information as at 31 December 2016

Mr Tan Soo Nan, 68

Non-Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Business Administration (Honours), University Of Singapore
- Associate of The Chartered Institute of Bankers
- Program for Management Development, Harvard Business School

BOARD COMMITTEE(S) SERVED ON

Nil

CURRENT DIRECTORSHIPS IN LISTED COMPANIES

1. Raffles Medical Group Ltd (Executive and Non-Independent Director)
2. SATS Ltd (Non-Executive and Independent Director)

OTHER MAJOR APPOINTMENTS

1. Raffles Health Insurance Pte Ltd (Executive Director)
2. ICE Futures Singapore Pte Ltd (Director)
3. ICE Clear Singapore Pte Ltd (Director)
4. ICE Singapore Holdings Pte Ltd (Director)
5. Temasek Foundation Management Services CLG Limited (Chairman)
6. Woh Hup Trust (Director)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JAN 2014 TO 31 DEC 2016)

1. OSIM International Ltd (Director)

Professor Lim Pin, 80

Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- MBBChir, MA and MD, University of Cambridge
- FAMS, FRCP (Lond), FRACP, FRCPE, FACP

BOARD COMMITTEE(S) SERVED ON

- Nomination & Compensation Committee (Member)

CURRENT DIRECTORSHIPS IN LISTED COMPANIES

1. Raffles Medical Group Ltd (Non-Executive and Independent Director)

OTHER MAJOR APPOINTMENTS

1. Singapore Millennium Foundation Ltd (Chairman)
2. Special Needs Trust Company Limited (SNTC) (Chairman)
3. Ang Mo Kio – Thye Hua Kwan Hospital Board of Trustees (Chairman)
4. Singapore-MIT Alliance for Research and Technology (SMART) (Co-Chairman)
5. ETH Singapore SEC Ltd Governing Board (Co-Chairman)
6. TUM CREATE Ltd Governing Board (Co-Chairman)
7. Berkeley Education Alliance for Research in Singapore (BEARS) Governing Board (Co-Chairman)
8. Cambridge Centre for Advanced Research in Energy Efficiency in Singapore Ltd (CARES) Governing Board (Co-Chairman)
9. National University of Singapore (University Professor)
10. National University Hospital (Emeritus Consultant Endocrinologist)
11. Tropical Marine Science Institute (TMSI) Management Board (Chairman)
12. Bioethics Advisory Committee (Emeritus Advisor)
13. NUHS Fund Ltd (Chairman)
14. NUHS Health & Research Endowment Fund Ltd (Chairman)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JAN 2014 TO 31 DEC 2016)

Nil

Mr Raymond Lim Siang Keat, 57

Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Economics (First Class Honours), University of Adelaide
- Bachelor of Arts in Jurisprudence, Balliol College, University of Oxford
- Master of Law (First Class Honours), King's College, University of Cambridge

BOARD COMMITTEE(S) SERVED ON

- Audit & Risk Committee (Member)

CURRENT DIRECTORSHIPS IN LISTED COMPANIES

1. Raffles Medical Group Ltd (Non-Executive and Independent Director)
2. Hong Leong Finance Limited (Non-Executive and Independent Director)
3. Insurance Australia Group Limited (Non-Executive and Independent Director)
4. Swire Properties Limited (Non-Executive Director)

OTHER MAJOR APPOINTMENTS

1. GIC Pte Ltd (Non-Executive and Independent Director)
2. APS Asset Management Pte Ltd (Executive Chairman)
3. IAG Re Australia Limited (Non-Executive and Independent Director)
4. John Swire & Sons (S. E. Asia) Pte Limited (Senior Advisor)
5. Lee Kuan Yew School of Public Policy, National University of Singapore (Adjunct Professor)
6. Nanyang Centre for Public Administration, Nanyang Technological University, Singapore (Adjunct Professor)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JAN 2014 TO 31 DEC 2016)

Nil

Mr Olivier Lim Tse Ghow, 52

Non-Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS

- Bachelor of Engineering (Civil) (First Class Honours), Imperial College, London

BOARD COMMITTEE(S) SERVED ON

Nil

CURRENT DIRECTORSHIPS IN LISTED COMPANIES

1. Raffles Medical Group Ltd (Non-Executive and Non-Independent Director)
2. Banyan Tree Holdings Limited (Non-Executive and Independent Director)

OTHER MAJOR APPOINTMENTS

1. Frasers Property Australia Pty Ltd (Chairman, Non-Executive Independent Director)
2. Certis CISCO Security Pte Ltd (Chairman, Non-Executive Independent Director)
3. JTC Corporation (Board Member)
4. Singapore Management University Board of Trustees (Member)
5. Securities Industry Council (Member)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JAN 2014 TO 31 DEC 2016)

1. CapitaMalls Asia Limited (Non-Executive Director)

Mr Eric Ang Teik Lim, 63
Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS
- Bachelor in Business Administration (Honours), University of Singapore

BOARD COMMITTEE(S) SERVED ON
- Audit & Risk Committee (Member)
- Nomination & Compensation Committee (Member)

CURRENT DIRECTORSHIPS IN LISTED COMPANIES
1. Raffles Medical Group Ltd (Non-Executive and Independent Director)
2. Sembcorp Marine Ltd (Non-Executive and Independent Director)
3. Hwang Capital (Malaysia) Berhad (Non-Executive and Non-Independent Director)

OTHER MAJOR APPOINTMENTS
1. Changi Airport Group (Singapore) Pte Ltd (Director)
2. Surbana Jurong Private Limited (Director)
3. DBS Foundation Ltd (Director)
4. SGX Disciplinary Committee (Co-Chairman)
5. Community Chest (Vice-Chairman)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JAN 2014 TO 31 DEC 2016)
Nil

Mr Lim Beng Chee, 49
Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS
- Bachelor of Arts in Physics (Honours), University of Oxford
- Post Graduate Diploma in Education, Nanyang Technological University
- Master of Business Administration (Accountancy), Nanyang Technological University

BOARD COMMITTEE(S) SERVED ON
Nil

CURRENT DIRECTORSHIPS IN LISTED COMPANIES
1. Raffles Medical Group Ltd (Non-Executive and Independent Director)
2. Shangri-La Asia Limited (Executive Director)

OTHER MAJOR APPOINTMENTS
1. Changi Airports International Pte Ltd (Non-Executive Director)
2. WIND Group Pte Ltd (Non-Executive Director)
3. SCPG Holdings Co Ltd (Non-Executive Director)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JAN 2014 TO 31 DEC 2016)
1. CapitaMalls Asia Limited (Chief Executive Officer and Director)
2. CapitaMalls Malaysia Trust (Alternate Director)

Senior Management

1. Dr Loo Choon Yong

2. Dr Prem Kumar Nair

3. Ms Goh Ann Nee

4. Mr Lawrence Lim

5. Mrs Kimmy Goh

6. Dr Donald Poon

1. Dr Loo Choon Yong

Executive Chairman and Non-Independent Director, Raffles Medical Group

Dr Loo Choon Yong is the Executive Chairman of Raffles Medical Group. He co-founded the Group in 1976 and was appointed to his current position in 1997 when the Group was listed on the Singapore Stock Exchange. He is also the Chairman of the Asian Medical Foundation Ltd and Raffles Health Insurance Pte Ltd.

In the area of public service, Dr Loo was appointed by the President of Singapore in 2015, as the Non-Resident Ambassador to the Republic of Poland. Prior to this, he was Non-Resident Ambassador to the Italian Republic between 2006 and 2015. 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 was previously the Chairman of Sentosa Development Corporation and Sentosa Golf Club.

2. Dr Prem Kumar Nair

Chief Corporate Officer and Managing Director of Singapore Healthcare, Raffles Medical Group

Dr Prem Kumar Nair is the Managing Director, Singapore Healthcare of Raffles Medical Group. Dr Nair is concurrently the Chief Corporate Officer of the Group.

Prior to this, he was the General Manager of Raffles Hospital, and has 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 with Distinction from Manchester Business School, United Kingdom.

3. Ms Goh Ann Nee

Chief Financial Officer, Raffles Medical Group

Ms Goh Ann Nee joined Raffles Medical Group as Chief Financial Officer in February 2016. Prior to her appointment, Ms Goh has been the Chief Financial Officer of City Developments Limited and the Vice President (Finance) at Millennium & Copthorne International Limited. She also worked with various multi-national companies, and was based overseas in various cities during the course of her career in international financial management.

A Chartered Accountant, Ms Goh graduated with a Bachelor of Accountancy from the University of Glasgow and started her career with Coopers & Lybrand (now known as PricewaterhouseCoopers) in London. She subsequently obtained a Master of Business Administration.

Ms Goh is also a member of the Institute of Chartered Accountants in England and Wales, the Institute of Singapore Chartered Accountants and a Fellow Member of CPA Australia.

4. Mr Lawrence Lim

Director, Corporate Development, Raffles Medical Group

Mr Lawrence 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. In the course of 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 33 years' 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 Bachelor of Social Science 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 and Company Secretary, Raffles Medical Group

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

Mrs Goh 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, Mrs Goh had about eight years of audit experience with two international public accounting firms.

Mrs Goh is a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA) and is a Fellow of the Association of Chartered Certified Accountants (ACCA).

6. Dr Donald Poon

General Manager, Raffles Hospital

Dr Donald Poon is the General Manager of Raffles Hospital. He is currently holding clinical and managerial positions in the hospital, and is responsible for the operations and clinical governance in the hospital. He is also a practicing medical oncologist.

Dr Poon graduated from the National University of Singapore with a MBBS (Bachelor of Medicine, Bachelor of Surgery) in 1996, was admitted as a Member of the Royal College of Physicians (United Kingdom), and obtained his Master of Medicine MMed (Internal Medicine) in 2001.

7. Dr Kenneth Wu

8. Mr Danny Yap

9. Dr Mok Ying Jang

10. Mr Yong Yih Ming

11. Mr Teo Kah Ling

12. Ms Leah Yoong

7. Dr Kenneth Wu

General Manager, Raffles Hospital

Dr Kenneth Wu is the General Manager of Raffles Hospital and is responsible for the operations and facilities management of Raffles Hospital. He joined the Group in 1997 as a family physician and subsequently took on a management role as head of Raffles Medical clinics.

Dr Wu graduated with a MBBS (Bachelor of Medicine, Bachelor of Surgery) from the National University of Singapore in 1989 and obtained his GDFM (Graduate Diploma Family Medicine) from the National University of Singapore in 2007.

8. Mr Danny Yap

General Manager, Raffles Health Insurance

Mr Danny Yap is the Principal Officer & General Manager of Raffles Health Insurance. He has been with the company since March 2012. Mr Yap is responsible for the development and implementation of the health insurance business activities and ensures compliance with the insurance laws and regulations for the Group.

Mr Yap has more than 29 years of experience in the insurance industry, having held senior management positions with various organisations including the General Manager for HSBC Insurance (Singapore) Pte Ltd and the Chief Marketing Officer for AXA Life Singapore Pte Ltd.

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

9. Dr Mok Ying Jang

General Manager, Raffles Health Insurance

Dr Mok Ying Jang is the General Manager (Corporate Development) of Raffles Health Insurance. Prior to his appointment, Dr Mok was with Raffles Medical Group as the Medical Director of Raffles Medical Hong Kong from 2008 to 2011, and the General Manager of Raffles Medical from 2015 to 2016.

Dr Mok rejoined Raffles Medical Group in July 2015 from the Health Sciences Authority (HSA), where he was the Group Director (Corporate Services Group) responsible for the management of 10 departments. Prior to Raffles Medical Hong Kong, Dr Mok was with World Link (Parkway Health) Medical & Dental Centres in Shanghai where he practiced as a family physician and was involved in business development.

Dr Mok has participated in many national expeditions and was the deputy and expedition co-leader for several of them, including the Singapore Mount Everest Expedition in 1998 and the Singapore Antarctica Expedition in 2000, among others.

Dr Mok graduated with a MBBS (Bachelor of Medicine, Bachelor of Surgery) from the National University of Singapore and obtained an Executive Master of Business Administration (Dean's List) from Singapore Management University. Dr Mok is also a Designated Aviation Medical Examiner (Australia).

10. Mr Yong Yih Ming

General Manager, Raffles Medical

Mr Yong Yih Ming is the General Manager of Raffles Medical and is responsible for the development of the Group's corporate businesses and operational management of the primary care network of clinics. He joined the Group in 2007 and has served as Director, Operations and Director, Corporate Services. In 2010, he led a team to set up the Group's first medical centre in Shanghai, China.

Mr Yong has 12 years of experience in the healthcare industry. He previously held management positions in ambulatory operations, operational support services and business development in Alexandra Hospital before joining the Group. He was also a member of the Khoo Teck Puat Hospital Planning Committee and chaired the Operational Support Services Workgroup then.

Mr Yong has a Master of Business Administration in Healthcare Management from the National University of Singapore.

11. Mr Teo Kah Ling

Director, Information Technology, Raffles Medical Group

Mr Teo Kah Ling is the Head of Information Technology of Raffles Medical Group, and has 14 years of experience in the healthcare industry.

Mr Teo 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.

12. Ms Leah Yoong

Director, Human Resources, Raffles Medical Group

Ms Leah Yoong joined Raffles Medical Group in November 2015 as Director of Human Resources. She provides leadership and management of the Human Resource (HR) function for the Group.

Ms Yoong has more than 20 years of HR experience in the healthcare and other industries spanning both the private and public sectors. Ms Yoong graduated from the National University of Singapore with a Bachelor of Business Administration.

Clinical Leaders

Dr Alfred Loh
Senior Clinical Director and Co-Founder
Raffles Medical

Prof Walter Tan
Medical Director
Raffles Hospital

Dr Yang Ching Yu
Medical Director
Raffles Hospital

Dr Wilson Wong
Medical Director
Raffles Medical

Dr Onishi Yoichi
Medical Director
Raffles Japanese Clinic

Dr Chng Shih Kiat
Medical Director
Raffles Medical

Dr Lee Jong Jian
Medical Director
Raffles Hospital

Dr Charles Poon
Clinical Director
Raffles Medical Shanghai

Dr Motoda Lena

Deputy Medical Director
Raffles Japanese Clinic

Dr Lee I-Wuen

Deputy Medical Director
Raffles Hospital

Dr Stanley Liew

Deputy Medical Director
Raffles Hospital

Dr Lee Khai Weng, Michael

Deputy Medical Director
Raffles Medical
Clinical Director
Raffles Health Insurance

Dr Wong Wei Mon

Deputy Medical Director
Raffles Medical

Dr Wong Wen Yao, Michael

Deputy Medical Director
Raffles Medical

Committed People, Upholding Excellence

Our commitment to our patients is simple; that our team of doctors, nurses, and healthcare managers provide you with the best care and service. We aim to be ***Your Trusted Partner for Health*** for generations to come.

- A Comprehensive Range of Healthcare Services
- Develop And Distribute Our Own Range of Health Supplements

17:20

A neurologist assuring a patient's family that their mother is well and fit to be discharged.

18:13

A Raffles Health retail assistant explaining the benefits of a health supplement to a customer.

(From left to right)
General Surgeon Dr Wong Jen San and Senior Staff Nurse Linda Ong performing surgery on a patient.

19:08

Our team of qualified TCM physicians is trained to competently help their patients to manage a range of medical conditions.

20:52

A dental surgeon educating a young patient on oral hygiene and correct teeth brushing technique.

Operations Review

Raffles Medical Group's first retail establishment – Raffles Holland V – injects vitality into Holland Village, and aims to be the next lifestyle destination for residents and patrons of the locale.

RMG officially opened its first retail establishment, Raffles Holland V

The Group entered into a joint venture to build a new 400-bed international hospital in Qiantan, Pudong, Shanghai

Raffles Medical Group (RMG) celebrated its 40^{th} anniversary in 2016 and continued to expand both locally and internationally. The year also saw the official opening of Raffles Holland V - a healthcare, fitness and wellness mall that houses a list of carefully selected tenants to provide unique dining, beauty, lifestyle and personal banking experiences for residents living in the surrounding estates on 21 October 2016.

The mall houses Raffles Medical Centre-Holland V on the entire 5^{th} floor. It is the second multi-disciplinary medical centre after Raffles Medical Centre-Orchard, and offers patients a comprehensive one-stop medical centre comprising family medicine, health screening, dental, traditional Chinese medicine (TCM) and specialist services.

RMG continued to expand its footprint regionally. Following the joint venture with International SOS and acquisition of its clinics in China, Vietnam and Cambodia, RMG has increased its presence to 13 cities in Asia.

In 2016, the Group achieved record revenue of $473.6 million, an increase of 15.4% as compared to $410.5 million in 2015. The Group's profit before tax grew 1.6% year-on-year from $81.6 million to $82.9 million.

RMG continued to expand its footprint regionally. Following the joint venture with International SOS and acquisition of its clinics in China, Vietnam and Cambodia, RMG has increased its presence to 13 cities in Asia.

RAFFLES HOSPITAL

GROWING IN BREADTH AND DEPTH

2016 saw Raffles Hospital growing in all service areas - emergency, outpatient, inpatient, radiology and laboratory with strong overall year on year performance. Patient and services growth were matched by an increase in the depth and breadth of specialists in various disciplines, strengthening RMG's institutional group practice model of care for patients.

Raffles Hospital held its inaugural Raffles-Mayo Medicine Annual Scientific Conference on 24 September 2016. There were 15 speakers from Mayo Clinic who covered topics in family medicine, specialist care and healthcare management. The event was well attended by international and local participants.

Beyond the Raffles Hospital campus, the hospital extended its range of specialist services by bringing them closer to its patients at Holland Village providing skin, aesthetics and women related services. This complements the specialist services at Orchard that was started in June 2015.

STRENGTHENING REGIONAL PRESENCE

Revenue from international markets grew steadily. Moving forward, Raffles Hospital will be able to leverage on the Group's international medical centres as well as its representative and liaison offices to serve patients better.

Our team-based care approach, coupled with years of experience, empowers us to care for patients from all ages and walks of life.

As Raffles Hospital's extension building is slated to open end 2017, we will be ready to meet the increasing demand for quality medical services in Singapore.

Our dedicated team of medical staff ensures you get the best care every step of the way, from admission to discharge.

RAFFLES MEDICAL

DELIVERING COMPREHENSIVE CARE

Raffles Medical launched new clinics in the heartland regions of Punggol, Bukit Batok and Tampines. These additional clinics enabled better patient reach for those residing in these areas, bringing quality healthcare closer to them.

To better serve its expanding pool of patients, Raffles Medical expanded and upgraded its existing clinics at White Sands, Toa Payoh, Bishan, Rivervale Mall and Compass One.

Operations Review

For the third consecutive year, RMG emerged as the winner in the Best Corporate Healthcare Group category in the HRM Asia Readers Choice Awards 2016.

With personalised attention from our dedicated team of healthcare professionals, our aim is to enhance your well-being, and help you better understand and manage your state of health.

RMG is awarded the Best Corporate Healthcare Group in the HRM Asia Readers Choice Awards 2016.

Our team of TCM physicians are committed to helping patients enhance their overall health by offering the benefits of traditional Chinese medicine according to modern quality standards.

PROVIDING ACCESSIBLE CARE

Raffles Medical serves over 1.2 million eligible Singaporeans on the Community Health Assist Scheme (CHAS) and Pioneer Generation (PG) scheme through its extensive island wide network of clinics, and worked with government agencies to streamline processes and enhance accessibility in the communities around Singapore.

RMG forged new partnerships with various organisations, such as the National Trade Union Congress and the People's Association, to provide comprehensive medical services for their members.

TAILORING DIRECT CORPORATE SOLUTIONS

For the third consecutive year, RMG emerged as the winner in the Best Corporate Healthcare category in the HRM Asia Readers Choice Awards 2016.

RafflesOne continued to be the key corporate healthcare solution and value proposition for companies partnering RMG for their healthcare, group insurance and benefits administration needs. RafflesOne helped many companies better manage their healthcare costs and productivity, mitigate occupational health risks and improve overall wellness among their employees through its integrated and one-stop partnership model.

More new companies in the financial, real estate, retail, food and beverages, oil and gas and government services were added to RMG's client portfolio in 2016.

RAFFLES CHINESE MEDICINE

ACHIEVING STEADY GROWTH

To meet the growing demand for TCM services, Raffles Chinese Medicine (RCM) opened a new clinic at Raffles Holland V. This brought the total number of clinics to three, including clinics at Raffles Hospital and Raffles Medical Centre-Orchard. To cope with the increased demand for TCM services, three new TCM physicians were recruited to better serve its patients.

As part of RMG's multi-disciplinary clinical team, RCM physicians work closely with the specialists and doctors to provide complementary care to patients. In the area of pedagogy, RCM helps promote TCM education and partners with the Nanyang Technological University's TCM Education programme.


With its islandwide reach, Raffles Dental is well positioned to deliver comprehensive dental services to patients.

RAFFLES DENTAL

EXPANDING THE NETWORK

Raffles Dental opened five new clinics in 2016, extending its geographical reach in Singapore. New dental surgeons and specialists joined the clinical staff team to serve the expanding clinic network and patients.

Recognising the growing demand for more complex dental work, Raffles Dental geared its training to better equip its dentists with the skills and latest technology to continue providing quality care to its growing pool of patients.

RAFFLES HEALTH

EXTENDING OUR REACH

Raffles Health expanded its foothold in Singapore with the opening of two new stores in 2016. Located at Raffles Holland V and Clementi, these new retail pharmacy stores also provide medication dispensing services.

The store at Clementi is located inside Sheng Siong supermarket, marking Raffles' first collaboration with Sheng Siong Group Ltd. Raffles Health will continue to explore opportunities to partner with other brands to bring its products closer to customers.

The Raffles Health's e-Commerce platform was completed in the first quarter of 2017. With an online and physical presence, Raffles Health aims to deliver a unified brand experience to improve customer engagement and experience.

Operations Review

Our trainers from Raffles Healthcare Institute conduct in-house training courses for RMG staff.

RAFFLES HEALTH INSURANCE

MAINTAINING STRONG PERFORMANCE

Despite a sluggish economic performance in Singapore, Raffles Health Insurance continued to show positive growth. This was partly due to Raffles Health Insurance securing more corporate clients in healthcare insurance and for third party administration services.

RAFFLES HEALTHCARE INSTITUTE

DEVELOPING OUR COLLABORATIVE ARM

Raffles Healthcare Institute (RHI) partnered with the Singapore Institute of Technology to receive students on clinical attachment from degree programmes in nursing, radiography, occupational therapy and physiotherapy. This is in addition to existing collaborations that RHI had established with institutes of higher learning for the clinical attachments of medical professionals.

At Raffles, we strive to meet our patients' needs and inject a personal touch into our care for them.

Construction work on the Raffles Hospital's new extension building has been progressing smoothly, and is slated to be completed in the fourth quarter of 2017.

With our extensive reach across 13 cities in Asia, our patients can conveniently access the Raffles brand of care.

We strive to provide innovative medicine to improve treatment outcome for our patients.

In September, RHI collaborated with Mayo Clinic to organise the inaugural Raffles-Mayo Medicine Update. The scientific conference, consisting of 30 speakers from Mayo Clinic and Raffles Hospital, was presented to an audience of over 500 participants. They attended two lectures and a choice of five tracks of simultaneous workshops on various disciplines.

RHI capped the year with the institution of its structured leadership development programmes for supervisors, middle management and senior leaders. They will be conducted annually, which will enhance leadership capabilities and groom future business and clinical leaders.

RAFFLES MEDICAL INTERNATIONAL

INCREASING REGIONAL PRESENCE

Raffles Medical Shanghai achieved steady growth in 2016. The dental clinic expanded to take on a higher patient load especially on weekends. The medical centre started on-site biometric test services.

Similarly, Raffles Medical Hong Kong's operations continued expanding in 2016. Clients from various industries in China selected Raffles Medical Hong Kong to provide healthcare services for their employees. Specialist services were also established, with a dermatologist who joined in January 2017.

With the rebranding of seven International SOS clinics in China and Cambodia to Raffles Medical, the clinics expanded its services in family medicine, specialist, health screening and emergency medicine to allow locals, corporate clients and those who travel extensively in Asia to access the trusted Raffles brand of care.

CORPORATE DEVELOPMENT

OPENING RAFFLES HOLLAND V MALL

Officially opened on 21 October 2016 by Mr Chan Chun Sing, Minister in Prime Minister's Office, Raffles Holland V mall achieved about 95% committed occupancy prior to its official opening. Nestled in an intimate setting, the diverse mix of tenants from Basement 1 to Level 5 provides a wide and unique range of food and beverage, beauty, fitness, and lifestyle offerings.

BUILDING THE RAFFLES HOSPITAL EXTENSION

Construction work on the Raffles Hospital's new extension building has been progressing smoothly, and is slated to be completed in fourth quarter of 2017. The new 20-storey extension building with two basements will yield a gross floor area of about 220,000 square feet at a total estimated cost of $310 million.

Together with the existing hospital, the combined development will yield a gross floor area of about 520,000 square feet, including a gross floor area of about 26,500 square feet of commercial space. The total development will function as a one-stop medical hub that supports patient-centered and team-based care, as well as Raffles Hospital's programme for growth of its clinical services, teaching and research activities.

Raffles Hospital's commitment to energy saving has earned it the Platinum Green Mark for Healthcare Facilities. This was awarded by the Building and Construction Authority.

Corporate Social Responsibility

Raffles Medical Group (RMG) is committed to business policies and operations that reflect the interests of its stakeholders including patients, employees, investors, the community and the environment.

The Group is committed to continuous improvement in its Corporate Social Responsibility (CSR) strategy, encouraging its business partners to strive for matching performance, acting in a socially responsible way, continually improving its performance and meeting all relevant legislations, and encouraging staff to be mindful of the effect of their actions on any natural resource.

Corporate Governance

The Group is committed to ensuring that business is conducted in all respects according to rigorous ethical, professional and legal standards. All the laws that regulate and apply will be complied with. All groups and individuals with whom it has a business relationship will be treated in a fair, open and respectful manner. Competition will be reasonable and based upon the quality, value and integrity of the products and services being supplied.

The Group continually reviews all activities to ensure that best practice is observed at all times. It allows patients and vendors to provide feedback on its performance and ensures that all comments are analysed, responded to and where appropriate, acted upon. In addition, action plans will be developed to ensure that continuous improvement is achieved.

Human Resource

LEADERSHIP DEVELOPMENT PROGRAMMES

Our people form the nucleus of what we do in RMG. Therefore the Group strives to build a conducive work environment that reinforces its core values, namely, compassion, commitment, excellence, team-based care and value.

Raffles Healthcare Institute, the educational arm of RMG was commissioned in 2013 with the objective of nurturing and developing potential leaders who are able to enhance our values and culture.

Two Leadership Development Programmes are organised on a biennial basis:

- The "Rising in Strategic Excellence" programme aims to develop managers in essential business skills in key functional areas of Leadership and People Management, Strategic Planning and Implementation, Business Development, Organisational Development, Financial Management and Communications.
- The "Supervisory Training Programme" prepares supervisors to be more effective frontline leaders in achieving departmental and organisational goals, through exposure to business modules such as people management, business finances, service, operation and quality management.

FAIR EMPLOYMENT PRACTICES

The Group aims to eliminate discrimination on any grounds and promotes equal opportunities and a fair working environment. The Group adopts a human resources policy that combines a role-based system that grades individual employees based on the extent of their roles, with a performance-based approach to evaluation and compensation based on the outcomes of their job performance within their respective roles.

The Group respects the right of employees to adhere to normal or agreed working hours in accordance with Company Policy established in compliance with the laws and regulations.

HEALTH AND SAFETY

As a healthcare organisation, RMG has since 2013, subscribed to BizSAFE Level 3 as a commitment towards maintaining a safe and healthy work environment for its employees in compliance with legislative requirements. It is committed to:

- Comply with all statutory safety and health requirements, and other existing standards and guidelines;
- Eliminate hazards or adopt reasonably practicable means to reduce the risk of injury to its employees to an acceptable level;
- Seek the involvement of various stakeholders to effectively implement Workplace Safety and Health (WSH) Policy objectives;
- Improve continually through on-going reviews of WSH mechanisms; and
- Provide adequate resources to ensure compliance to WSH Regulations.

RMG is also represented in the WSH Council (Healthcare) that works closely with the Ministry of Manpower and other government agencies, the industry, unions, and professional associations to develop strategies to raise WSH standards in Singapore.

Education

Over the years, the Group has granted scholarships and bursaries as well as invested in employees pursuing degree courses, master programmes as well as other upgrading training.

BURSARY AWARD

Recipients of the RMG Bursary Award 2016, who are children of RMG employees, pose for a photo.

Introduced in 2011, the Raffles Medical Group Bursary provides financial assistance to the Group's employees for their children's education, thus giving them a head start in life and career. Since then, a total of 52 bursaries have been awarded, benefiting the children of 38 staff.

SCHOLARSHIP

Since its inception in 2012, the Group's Scholarship programme has been extended to 29 students. Over the next 5 years, another $4 million will be set aside for 40 additional scholarships to students pursuing nursing, pharmacy, diagnostic radiography, occupational therapy and business management courses.

Ethics and Ethical Trading

The Group will ensure that its employees uphold professional standards and workplace standards and behaviours consistent with the Group's requirements. It is committed to working against corruption in all its forms, including extortion and bribery.

Vendors

The Group works with suppliers, sub-contractors and other service providers to help achieve its policy aspirations in the delivery of products and services. It also encourages vendors to adopt responsible business policies and practices for mutual benefit.

The Group is committed to ensuring that the welfare of workers and labour conditions within its supply chain meet or exceed recognised standards.

Environment

RMG endeavours to reduce its impact on the environment by:

- Conducting audits and taking corrective actions to reduce any adverse environmental impact;
- Promoting the efficient use of resources and energy; and
- Continually improving the management of our surrounding environment.

NATURE AND CONSERVATION

In a bid to care for the environment, RMG has adopted several on-going green initiatives to reduce its carbon footprint.

Beginning with Raffles Hospital, lightings have been progressively changed to energy-saving bulbs and tubes. These energy-saving lights provide the same lux density without compromising on vision capability. Since the start of the project in 2013, close to 45 per cent of all lightings have been replaced, resulting in an estimated reduction of 45,000 KW in energy consumption every month.

The Hospital is also in the process of replacing its existing chillers. This initiative will make the building one of the first in Singapore to have a chiller with ultra-low global warming potential refrigerants. When completed in 2017, these new chillers which are about two times more efficient than the outgoing chillers could save 30,000 KW of energy per month.

Across the Group's network of clinics, hard copy poster boards are being replaced with digitised boards. This initiative will reduce printing and logistical carbon footprints.

The Group endeavours to ensure that business operations comply with all applicable environmental, legal, health and safety requirements. The Group works closely with the WSH Council, Singapore Civil Defence Force, Public Utilities Board, National Environment Agency and other relevant authorities to adopt the best practices for environment sustainability.

Charity

Striving to be a good corporate citizen, RMG has developed various CSR programmes over the years. One such initiative is the creation of a charity organisation, Asian Medical Foundation (AMF), in 2003. The Foundation reaches out by serving the medical and healthcare needs of the poor and the under-privileged. There were also additional charitable outreach activities in conjunction with RMG's 40th anniversary in 2016.

PLEDGE OF $1M TO NKF

As part of the Group's 40th anniversary in 2016, RMG pledged a donation of $1 million to the National Kidney Foundation (NKF). The donation will go towards the setting up of the Raffles-NKF Renal Wellness Centre at Raffles Hospital as well as a Raffles-NKF Peritoneal Dialysis & Wellness Centre.

RAFFLES FAMILY FUN WALK CUM CSR DAY

A total of 94 seniors from South East CDC received free health screening at Raffles Hospital during the Raffles Family Fun Walk Cum CSR Day.

RMG organised a Family Fun Walk cum CSR Day on 9 October 2016 in partnership with the South East Community Development Council (CDC) and NTUC FairPrice. The 250 RMG employees and their families who took part in the NTUC FairPrice Walk for Rice Campaign walked more than 600 kilometres and raised over 6,000 bowls of rice for needy families in the South East district. Concurrent with the event, RMG also provided free health and dental screenings at Raffles Hospital to 94 seniors, from the district.

MEMORIES CAFÉ

In support of the Alzheimer's Disease Association (ADA), AMF with ADA started a 1-year collaboration called Memories Café in May 2016. This social event provides a change in environment for caregivers and persons with dementia, to share their experiences in a safe and supportive setting, engaging in activities such as sing-along sessions and musical performances as well as social interactions over refreshments.

Our volunteers interacting with dementia patients and their caregivers at a Memories Café outreach event.

ZION HOME FOR THE AGED

Residents from the Zion Home for the Aged receiving medical advice from our doctors.

The Zion Home for the Aged is a shelter and home for aged females that was established in 1979 by Zion Presbyterian Church. Since June 2015, doctors from RMG have made monthly visits to provide medical consultations for the residents there. Elderly patients who require further specialist consultations are referred to Raffles Hospital for X-rays, laboratory tests and medication at no expense. Employees from RMG have also organised a "Durian Party" as well as a Christmas party at the Home, bringing warmth and cheer to the residents.

COMMUNITY OUTREACH

RMG doctors and nurses regularly engage in community outreach activities such as conducting basic health screening sessions, giving health education talks on healthy ageing to senior citizens and distributing masks at community centres. Participants who attend the talks are encouraged to share their knowledge among their social circles, thereby raising the awareness of healthy ageing in the community. Some of the doctors are also involved in running clinics for foreign workers on a regular basis.

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 Lee I-Wuen
Dr Stanley Liew
Dr Kenneth Wu
Dr Prem Kumar Nair *(Secretary)*

CREDENTIALLING & PRIVILEGING COMMITTEE

Dr Yang Ching Yu *(Chairman)*
Dr Khoo Chong Yew
Dr Alfred Loh
Dr Stanley Liew
Dr Abdul Razakjr Bin Omar
Professor Walter Tan *(Ex-Officio)*

ETHICS COMMITTEE

Dr Lee Jong Jian *(Chairman)*
Professor Walter Tan
Professor Nambiar Rajmohan
Associate Professor Chew Chin Hin
Associate Professor Mary Rauff
Dr Alfred Loh
Dr Khoo Chong Yew
Reverend Dr Isaac Lim
Mr Mike Barclay
Mr Moiz Tyebally

QUALITY COMMITTEE

Dr Alfred Loh *(Chairman)*
Dr Donald Poon *(Co-Chairman)*
Dr Kenneth Wu
Professor Walter Tan
Dr Yang Ching Yu
Dr Kieu Li Chong Edgar
Dr Tan Hsiang Lung
Mr Lee Meng Tuck
Ms Lilian Yew
Mr Heng Wee Khim
Ms Yee Earn Hwa
Ms Kartini Sameejan
Ms Leah Yoong
Mr Jonathan Low
Mr Clarence Tan *(Secretary)*

MEDICAL AUDIT COMMITTEE

Dr Chan Choong Chee *(Chairman)*
Dr Teo Sek Khee *(Co-Chairman)*
Dr Ng Wai Lin
Dr Tan Mei Chuan
Dr Daryl Tan
Dr Chng Shih Kiat
Dr Chong Yong Yeow
Ms Lilian Yew
Ms Kartini Sameejan
Ms Premalatha Perumal *(Secretary)*

SURGICAL AUDIT COMMITTEE

Dr JJ Murugasu *(Chairman)*
Dr Yang Ching Yu *(Co-Chairman)*
Dr Lee Jong Jian
Dr Lee I-Wuen
Dr Eric Teh
Dr Donald Poon
Dr Lim Yeow Wai
Dr Lim Kok Bin
Dr Manish Taneja
Dr Ganesan Naidu
Ms Teo Poh Lin
Dr Alfred Loh *(Ex-Officio)*
Professor Walter Tan *(Ex-Officio)*
Ms Kartini Sameejan
Ms Gamboa Maika Cortez *(Secretary)*

PHARMACY & THERAPEUTICS COMMITTEE

Dr Yang Ching Yu *(Chairman)*
Dr Chng Shih Kiat *(Co-Chairman)*
Dr Kenneth Wu
Dr Lee Yian Ping
Dr Teo Sek Khee
Dr Joshua Kua Hai Kiat
Dr Sheila Loh
Ms Ma Thein Yin
Ms Yee Earn Hwa *(Secretary)*

INFECTION CONTROL COMMITTEE

Dr Teo Sek Khee *(Chairman)*
Dr Yvonne Loh Su Ming *(Co-Chairman)*
Dr Koh Yin Ling *(Advisor)*
Dr Wong Kutt Sing
Dr Lynette Ngo Su Mien
Dr Kieu Li Chong Edgar
Ms Carol Soh
Ms Lee Lai Fun
Mr Heng Wee Khim
Ms Tee Yen Yen
Ms Cheng Lee Hong
Mr Jack Sim
Ms Michelle Chua
Ms Kartini Sameejan
Ms Cassandra Angelica R. Cuvin *(Secretary)*

OPERATING THEATRE COMMITTEE

Dr Eric Teh *(Chairman)*
Dr Lee I-Wuen *(Co-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
Dr Ho Kok Yuen
Ms Kartini Sameejan
Ms Teo Poh Lin
Ms Lee Lay Tin *(Secretary)*

BLOOD TRANSFUSION & TISSUE REVIEW COMMITTEE

Dr Yvonne Loh Su Ming *(Chairman)*
Dr Nicholas Goh *(Co-Chairman)*
Dr Watt Wing Fong
Dr Ekachai Danpanich
Ms Sadiah Mohd Yusof
Ms Fa'eezah Bte Hamzah
Ms Sarina Bte Saleh
Ms Nurhayati Binte Mohd Dali
Ms Louisa Chew *(Secretary)*

PATIENT CASE REVIEW COMMITTEE

Dr Ng Chin *(Chairman)*
Dr Chong Yong Yeow *(Co-Chairman)*
Dr Amitabh Monga
Ms Liu Wei Wei
Mr Lum Yew Wai Andrew
Ms Ong Suat Kien
Mr Lim Hun Teck
Ms Fa'eezah Bte Hamzah *(Secretary)*

CRITICAL CARE COMMITTEE

Dr Chan Choong Chee *(Chairman)*
Dr Steve Yang *(Co-Chairman)*
Dr Teo Swee Guan
Dr Wong Kutt Sing
Dr Tan Mein Chuen
Ms Lilian Yew
Ms Mary Jane Mendoza Sangalang
Ms Poh Lay Hiang Yasmine *(Secretary)*

RafflesMedical

MEDICAL BOARD

Dr Loo Choon Yong *(Advisor)*
Dr Wilson Wong *(Chairman)*
Dr Chng Shih Kiat *(Co-Chairman)*
Dr Alfred Loh
Dr Yii Hee Seng
Dr Michael Lee
Dr Michael Wong
Dr Wong Wei Mon

Corporate Information

RafflesMedicalGroup

BOARD OF DIRECTORS

Dr Loo Choon Yong *(Executive Chairman)*
Mr Koh Poh Tiong *(Lead Independent Director)*
Mr Kee Teck Koon *(Independent Director)*
Dr Wee Beng Geok *(Independent Director)*
Mr Tan Soo Nan *(Non-Independent Director)*
Professor Lim Pin *(Independent Director)*
Mr Raymond Lim Siang Keat *(Independent Director)*
Mr Olivier Lim Tse Ghow *(Non-Independent Director)*
Mr Eric Ang Teik Lim *(Independent Director)*
Mr Lim Beng Chee *(Independent Director)*

AUDIT & RISK COMMITTEE

Mr Kee Teck Koon *(Chairman)*
Mr Koh Poh Tiong
Mr Raymond Lim Siang Keat
Mr Eric Ang Teik Lim

NOMINATION & COMPENSATION COMMITTEE

Dr Wee Beng Geok *(Chairman)*
Mr Koh Poh Tiong
Professor Lim Pin
Mr Eric Ang Teik Lim
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 SECRETARIES

Mrs Kimmy Goh
Ms Mary Khoo

SHARE REGISTRAR

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

AUDITORS

KPMG LLP
Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Partner-in-Charge : Mr Lau Kam Yuen
Year of Appointment : 2014

PRINCIPAL BANKERS

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

RafflesHealthInsurance

BOARD OF DIRECTORS

Dr Loo Choon Yong *(Chairman)*
Mr Ngiam Tong Dow *(Non-Independent Director)*
Mr Edmund Koh Kian Chew *(Non-Independent Director)*
Mr Tan Soo Nan *(Executive and Non-Independent Director)*
Mr N Ganesan *(Independent Director)*
Mr Charles Maurice Octave Pierron *(Independent Director)*

COMPANY SECRETARIES

Mrs Kimmy Goh
Ms Mary Khoo

AUDITORS

KPMG LLP
Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Partner-in-Charge : Mr Lau Kam Yuen
Year of Appointment : 2014

PRINCIPAL BANKERS

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

Corporate Governance Statement

The Directors and Management of Raffles Medical Group (RMG) are committed to high standards of corporate governance to ensure greater transparency and protection of shareholders' interest. Together with the increasing emphasis on risk governance and heightened risks as well as greater complexity in the business and economic environment, the duties and responsibilities of the Audit & Risk Committee have been expanded to assist the Board in overseeing the governance of risk in the Group's business.

This statement outlines the main corporate governance policies and practices for RMG during the financial year with specific reference to the Code of Corporate Governance 2012 (the Code).

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 long-term success of the Company. The Board works with Management to achieve this objective 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 Company's Constitution 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:

(a) The approval of quarterly results announcements;

(b) The approval of the annual accounts;

(c) The declaration of interim dividends and proposal of final dividends;

(d) Convening of Shareholders' Meetings;

(e) The approval of corporate strategy and direction of the Group;

(f) Material acquisitions or disposals;

(g) The approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions; and

(h) The appointment of new Directors.

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

BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has delegated specific functions to the following Committees, each of which has its own Terms of Reference:

(a) Nomination & Compensation Committee (NCC); and

(b) Audit & Risk Committee (ARC).

Corporate Governance Statement

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

INDUCTION AND TRAINING OF DIRECTORS

There is an induction for incoming Directors joining the Board on the discharge of their duties and to introduce the Group's business and governance practice and arrangements, amongst others. Upon appointment, a new Director receives a brief on the Director's duties, responsibilities and disclosure obligations as a Director. He or she is also briefed on key disclosure duties and statutory obligations. As part of the induction programme, the new Director gains an understanding of the Group's management, business and governance practices through induction briefings by members of Senior Management on the Group's various businesses and support functions.

The Directors are advised and encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors (SID) and those courses which SID offer in partnership with the Accounting and Corporate Regulatory Authority, Institute of Singapore Chartered Accountants and Singapore Management University. They are also updated on a regular basis on accounting, corporate governance, and legal and regulatory changes. Directors may at any time request for further explanation, briefing or informal discussion on any aspects related to the Group's operations.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

The table below sets out the attendance at meetings of the Board and Board Committees convened during the course of the financial year:

Name of Director	Board		Audit & Risk 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 (1)	5	5	–	–	2	2
Mr Koh Poh Tiong	5	5	4	4	2	2
Mr Kee Teck Koon	5	4	4	4	–	–
Dr Wee Beng Geok	5	5	–	–	2	2
Mr Tan Soo Nan	5	5	–	–	–	–
Professor Lim Pin	5	5	–	–	2	2
Mr Raymond Lim Siang Keat	5	5	4	4	–	–
Mr Olivier Lim Tse Ghow	5	5	–	–	–	–
Mr Eric Ang Teik Lim (2)	5	5	4	4	–	–
Mr Lim Beng Chee	5	4	–	–	–	–

Notes:
(1) Dr Loo Choon Yong ceased to be a member of the NCC with effect from 21 April 2016.
(2) Mr Eric Ang Teik Lim was appointed as a member of the NCC on 21 April 2016.

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 and 10% shareholders. 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 as at the date of this Report are set out in page 35. The Board has objectively reviewed and will continue to examine its size and its composition in terms of balance and diversity of skills, experience, gender, and knowledge of the Company. The Board is satisfied that its size facilitates effective decision making and its composition provides appropriate balance and diversity.

Corporate Governance Statement

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

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

Name of Director	Date of First Appointment	Nature of Appointment	Date of Last Re-election as Director	Position Held on the Board	Other Functions
Dr Loo Choon Yong(1)	16/05/1989	Executive and Non-Independent	23/04/2014	Chairman	Nil
Mr Koh Poh Tiong	03/10/2011	Non-Executive and Independent	23/04/2014	Lead Independent Director	Member of ARC and NCC
Mr Kee Teck Koon	03/01/2012	Non-Executive and Independent	23/04/2014	Director	Chairman of ARC
Dr Wee Beng Geok	27/11/2000	Non-Executive and Independent	20/04/2016	Director	Chairman of NCC
Mr Tan Soo Nan	28/07/2000	Executive and Non-Independent	23/04/2015	Director	Nil
Professor Lim Pin	19/02/2001	Non-Executive and Independent	20/04/2016	Director	Member of NCC
Mr Raymond Lim Siang Keat	25/04/2013	Non-Executive and Independent	23/04/2014	Director	Member of ARC
Mr Olivier Lim Tse Ghow	01/10/2014	Non-Executive and Non-Independent	23/04/2015	Director	Nil
Mr Eric Ang Teik Lim(2)	24/04/2015	Non-Executive and Independent	20/04/2016	Director	Member of ARC and NCC
Mr Lim Beng Chee	23/07/2015	Non-Executive and Independent	20/04/2016	Director	Nil

Notes:
(1) Dr Loo Choon Yong ceased to be a member of the NCC with effect from 21 April 2016.
(2) Mr Eric Ang Teik Lim was appointed as a member of the NCC on 21 April 2016.

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' Statement.

INDEPENDENT MEMBERS OF THE BOARD

There is a strong and independent element in the Board. Seven of the ten members of the Board are Independent Directors, namely Mr Koh Poh Tiong, Mr Kee Teck Koon, Dr Wee Beng Geok, Professor Lim Pin, Mr Raymond Lim Siang Keat, Mr Eric Ang Teik Lim and Mr Lim Beng Chee. The criterion of independence is based on the definition given in the Code. The Board considers an "Independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders 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 and Independent 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.

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 Schemes of the Company as set out in the Directors' Statement.

Corporate Governance Statement

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

Dr Wee Beng Geok and Professor Lim Pin have served for a continuous period of more than 9 years. In compliance with the guidelines, the independence of the two Directors has been subjected to rigorous review by the Board. In spite of their length of service, these Directors are still considered independent: their roles are non-executive in nature and they are also not involved in the day-to-day business and operations of the Group. Over time, they have also developed independent and invaluable insights into the Group's management. These Directors have also demonstrated objectivity in character and judgement in the discharge of their duties as Directors of the Company.

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

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

Notwithstanding the relevant provisions of the Code, 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 Executive 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 operations of the Group and concurrently exercises 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 NCC. The Board believes that there are adequate safeguards in place against having a centralisation of power and authority in a single individual. These safeguards include the appointment of a Lead Independent Director, having Independent Directors form the majority of the Board and the NCC being composed of only Independent Directors.

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.

LEAD INDEPENDENT DIRECTOR

Mr Koh Poh Tiong was appointed by the Board as the Lead Independent Director since 2 January 2014. The function of the Lead Independent Director is to serve in a lead capacity to coordinate the activities of the Non-Executive Directors in circumstances where it would be inappropriate for the Executive Chairman to serve in such capacity, and to assist the Executive Chairman and the Board to ensure effective corporate governance in managing the affairs of the Board and the Company.

The role of the Lead Independent Director includes meeting with the Non-Executive Directors without the Executive Chairman present to appraise the Executive Chairman's performance and on such other occasions as are deemed appropriate. He would be available to shareholders who have concerns on matters, for which contact through the normal channels of the Executive Chairman, the Chief Financial Officer or the Group Financial Controller have failed to resolve the issues or for which such contact is inappropriate.

PRINCIPLE 4: BOARD MEMBERSHIP

There should be a formal and transparent process for the appointment and re-appointment of 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 NCC 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. As a guide, Directors should not be represented on more than six boards listed on any Exchange (excluding nominee directorship of listed companies for which the Director is an employee). The appointment of a Board member is subject to the approval of the Board. In appointing and recommending the re-election of Directors, the Board considers the range of skills and experience required in light of:

(a) The geographical spread and diversity of the Group's businesses;

(b) The strategic direction and progress of the Group;

Corporate Governance Statement

PRINCIPLE 4: BOARD MEMBERSHIP (CONT'D)

(c) The current composition of the Board; and

(d) The need for independence.

Key information regarding the Directors is set out on pages 10 to 15 of the Annual Report.

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

PRINCIPLE 5: BOARD PERFORMANCE

There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.

The NCC reviews the Board's performance on an annual basis, based on performance criteria as agreed by the Board, and decides how this may be evaluated. The Board has implemented a process for assessing the effectiveness of the Board as a whole, its Board Committees and for assessing the contribution by Directors to the effectiveness of the Board. This process includes having Directors complete a Questionnaire seeking their views on various aspects of Board performance, such as Board composition, information, process and accountability. The Company Secretaries compile the Directors' responses to the Questionnaire into a consolidated report. The report is reviewed by the NCC and also shared with the entire Board.

During the year 2016, the Questionnaire on the performance of the Board and Board Committees was reviewed based on best practices on board evaluation and revised to take into consideration key issues and areas the Board wanted to focus on. The Questionnaire was completed by Directors, and reviewed by the NCC and then the Board. The NCC assessed the performance of the Board as a whole, taking into account the Board's composition and size, access to information, processes, accountability, standard of conduct and performance of the principal functions and fiduciary duties, and guidance to and communication with the Management.

The Executive Chairman, together with the Chairman of the NCC, also assessed the performance of individual Directors based on factors such as the Director's attendance, preparedness, candour, participation and contribution at Board meetings and industry and business knowledge.

Informal reviews of the Board's collective performance are conducted on a regular basis by the NCC 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.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board Meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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. 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 that the established procedures and relevant statutes and regulations are complied with. The Company Secretaries 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.

Corporate Governance Statement

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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.

Matters concerning remuneration and compensation packages for Senior Management and the Executive Chairman are determined and reviewed by the NCC giving due regard to the financial and commercial health and business needs of the Group. The NCC is fully made up of Independent and Non-Executive Directors. The independence of the NCC is further enhanced by having the Lead Independent Director as one of the members of the NCC. No Director is involved in deciding his own remuneration.

NOMINATION & COMPENSATION COMMITTEE

The Company has adopted the functions of the nominating and remuneration committees to be performed by the NCC as a single Board Committee. The scope and responsibilities of the NCC include the following:

(a) Make recommendations to the Board for approval on matters relating to the:

  (i) Review of the Board's succession plans for Directors, including the Executive Chairman and the Chief Executive Officer;

  (ii) Development of a process for evaluation of the performance of the Board, its Board Committees and Directors;

  (iii) Review of training and professional development programmes for the Directors;

  (iv) Recommendation on the appointment and re-appointment of Directors; and

  (v) Determination of a framework or broad policy for the remuneration of the Directors;

(b) Determine the framework or broad policy for the remuneration of key executives as it is designated to consider. No Director or Manager shall be involved in any decisions as to their own remuneration;

(c) Review the design of all Employee Share Option Schemes approved by the Board and the shareholders. For any such schemes, it shall determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to eligible persons and the performance targets to be used;

(d) Empowered to delegate to Executive Chairman or Company Secretaries to approve and release such announcements in relation to the administration of the Employee Share Option Schemes that are required for the compliance with the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual;

(e) Sub-delegate, if required, any of the powers within its Terms of Reference, from time to time, as the NCC may deem fit; and

(f) Consider such other matters as may be requested by the Board.

The Chairman of the NCC is Independent Director, Dr Wee Beng Geok, who is an expert in the human resource field. The other members are Lead Independent Director, Mr Koh Poh Tiong, Independent Directors, Professor Lim Pin and Mr Eric Ang Teik Lim. Dr Wee Beng Geok, Mr Koh Poh Tiong and Mr Eric Ang Teik Lim, all having managed large organisations and Professor Lim Pin, having been the past Chairman of the National Wages Council are all knowledgeable and experienced in the field of executive compensation.

The NCC seeks expert advice and views on remuneration and governance matters from both within and outside the Group as appropriate. By drawing on a pool of independent consultants for diversified views and specific expertise, the NCC ensures that existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

Corporate Governance Statement

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

The Group's remuneration policy is to provide compensation packages at market rates to reward successful performance and attract, retain and motivate Senior Management and Directors. Remuneration packages are based on the performance of the Group as well as the individual. In determining the remuneration packages, the NCC takes into consideration industry practices and norms in compensation. The Directors and Senior Management are eligible for share options under the RMG (2010) Share Option Scheme.

The NCC determines and reviews the remuneration packages for the Executive Chairman and Senior Management based on the Group's remuneration policy. The NCC consists fully of Independent Directors. The objectivity of the NCC is further enhanced by the inclusion of the Lead Independent Director as a key member of the committee. Through the use of contractual provisions, the Group may exercise its discretion to reclaim incentive components of remuneration from the relevant management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The NCC reviews and makes recommendations to the Board in relation to Directors' fees. The Directors' fees to be paid to the Directors are recommended for shareholders' approval annually. The fees are structured on the basis that Directors with additional duties as members or Chairmen of Board Committees would receive a higher portion of the total fees.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

Every Company should provide clear disclosure of its remuneration policies, 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 management personnel, and performance.

The Group adopts a performance-based remuneration framework that is linked to its growth and profitability. The level and mix of remuneration awarded to the Management and Directors is flexible and responsive to the market conditions. It also takes into account the performance of the individual as well as the performance of the business units within the Group.

Details of Directors' remuneration are set out below:

Remuneration Band	Number of Directors	
	2016	2015[(1)]
$500,000 and above	1	1
$250,000 to below $500,000	1	1
Below $250,000	8	8
	10	10

Notes:

(1) Includes Directors' remuneration paid to Mr Eric Ang Teik Lim and Mr Lim Beng Chee, who were appointed to the Board as Non-Executive and Independent Directors on 24 April 2015 and 23 July 2015 respectively.

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

Corporate Governance Statement

PRINCIPLE 9: DISCLOSURE ON REMUNERATION (CONT'D)

A summary of the compensation for each individual Director for the year ended 31 December 2016 (Group) is as follows:

Name of Director	Salary [1] %	Bonus [2] %	Director's Fees %	Share Options Grants %	Total Compensation %
$500,000 and above					
Dr Loo Choon Yong *Executive Chairman*	7	93	–	–	100
Below $250,000					
Mr Koh Poh Tiong *Non-Executive*	–	–	69	31	100
Mr Kee Teck Koon *Non-Executive*	–	–	64	36	100
Dr Wee Beng Geok *Non-Executive*	–	–	63	37	100
Mr Tan Soo Nan *Executive*	58	23	9	10	100
Professor Lim Pin *Non-Executive*	–	–	65	35	100
Mr Raymond Lim Siang Keat *Non-Executive*	–	–	66	34	100
Mr Olivier Lim Tse Ghow *Non-Executive*	–	–	69	31	100
Mr Eric Ang Teik Lim *Non-Executive*	–	–	100	–	100
Mr Lim Beng Chee *Non-Executive*	–	–	86	14	100

Notes:
(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.

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 or the Chief Executive Officer within bands of $250,000, to be disclosed. However, due to commercial sensitivities, the Company believes that the disclosure of the remuneration of individual executives is disadvantageous to the business interest and long-term performance of the Group, especially in a highly competitive industry.

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

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 50 to 55 of the Annual Report.

Corporate Governance Statement

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.

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.

As has been introduced earlier, the NCC and the ARC have been delegated specific functions to assist the Board in the execution of its duties.

NOMINATION & COMPENSATION COMMITTEE

The composition of the NCC and its delegated duties are set out in the section under Principle 7 of this Statement.

AUDIT & RISK COMMITTEE

The composition of the ARC and its delegated duties are set out in the sections under Principles 11 to 13 of this Statement.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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, information technology controls and risk management policies and systems. This responsibility has been delegated to the ARC whose Terms of Reference also include the following function:

Oversee Risk Management and Internal Controls (in relation to Financial, Operational, Compliance and Information Technology Controls)

(i) Review the Group's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems;

(ii) Review the Group's risk profile / risk dashboard on a regular basis to understand the significant risks facing the Group and how they are being mitigated;

(iii) At least annually, review the adequacy and effectiveness of the risk management and internal control systems with respect to financial, operational, compliance and information technology controls. This may include reviewing Management and / or assurance provider reports to highlight significant findings and recommendations, inclusive of Management's responses;

(iv) Review the assurance provided by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) / Group Financial Controller (GFC) regarding the effectiveness of risk management and internal controls;

(v) Review report regarding the adequacy and effectiveness of risk management and internal control systems to the Board;

(vi) Review disclosures in the Annual Report relating to the adequacy and effectiveness of the risk management and internal control systems; and

(vii) Review the Group's procedures for detecting fraud and whistle-blowing, and ensure that arrangements are in place by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control, or any other matters.

Corporate Governance Statement

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS (CONT'D)

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 ARC. The Board through the ARC 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 ARC, 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, Compliance and Information Technology Risks.

While no system can provide absolute assurance against material loss or financial misstatement, 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.

The Directors have also received assurance from the Executive Chairman, CFO and the GFC that the Group's financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances, as well as the effectiveness of the Group's risk management and internal controls systems.

PRINCIPLE 12: AUDIT COMMITTEE

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

The ARC comprising its Chairman, Mr Kee Teck Koon and other members, namely, Lead Independent Director, Mr Koh Poh Tiong and Independent Directors, Mr Raymond Lim Siang Keat and Mr Eric Ang Teik Lim, 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 ARC also monitors proposed changes in accounting policies and discusses the accounting implications of major transactions. In addition, the ARC also advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its quarterly and annual financial statements.

Specifically, the responsibilities of the ARC include:

(a) <u>*Oversee Financial Reporting*</u>

(i) *Monitor the integrity of the financial information provided by the Group, in particular by reviewing the relevance and consistency of the accounting standards used by the subsidiaries and the Group;*

(ii) *Assess, and challenge, where necessary, the accuracy, completeness, and consistency of financial information before submitting to the Board for approval or made public; and*

(iii) *Review the assurance provided by the CEO and CFO / GFC regarding the financial records being properly maintained and the financial statements giving a true and fair view of the Group's operations and finances.*

(b) <u>*Oversee External Audit*</u>

(i) *Oversee the Group's relations with the external auditor(s);*

(ii) *Review the performance of the external auditor(s), to facilitate the selection, appointment, re-appointment, and resignation;*

(iii) *Monitor and assess annually the external auditor(s)' independence or objectivity is not impaired;*

(iv) *Review the audit representation letter and the external auditor(s)' Management letter to assess whether it is based on a good understanding of the Group's business, and monitor the responsiveness of Management to the recommendations made;*

(v) *Establish meetings whenever deemed necessary with the external auditor(s) to discuss matters that the Committee or auditors believe should be discussed privately; and*

(vi) *Ensure that the external auditor(s) have direct and unrestricted access to the Chairman of the Committee and the Chairman of the Board.*

Corporate Governance Statement

PRINCIPLE 12: AUDIT COMMITTEE (CONT'D)

(c) Oversee Compliance

(i) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow up of any instances of non-compliance;

(ii) Monitor the processes for addressing complaints made regarding accounting, internal controls and / or auditing matters;

(iii) Clarify the Group's code of conduct and process for disseminating requirements across all Group personnel and monitoring levels of compliance; and

(iv) Maintain open communication with and receive periodic reports from Management and Group legal counsel regarding compliance matters.

(d) Oversee Interested Persons Transactions (IPTs)

(i) Review IPTs to consider whether they are on normal commercial terms and are not prejudicial to the interests of the Group or its minority shareholders;

(ii) Review methods or procedures used for determining that such transactions are or will be carried out on normal commercial terms and not prejudicial to the issuer or its minority shareholders; and

(iii) Receive reports from Management and Internal Audit regarding IPTs. Report to shareholders on IPTs as required by the Listing Manual.

The other delegated duties of the ARC can be found under Principles 11 and 13 of this Statement.

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

In exercise of its responsibilities, the ARC undertook a review of the independence of our external auditors, KPMG LLP (KPMG) to assess that the objectivity of the auditors is not impaired. In its assessment, the ARC deliberated on the Group's relationship with KPMG and the processes, policies and safeguards adopted by KPMG relating to audit independence. The ARC also took into consideration the nature and volume of the provision of non-audit services in 2016 as well as the corresponding fees for prior years. Based on the review, the ARC is of the opinion that KPMG is, and is perceived to be, independent for the purpose of the Group's statutory financial audit.

The fees paid to KPMG is set out on Page 114 of the Annual Report.

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 13: INTERNAL AUDIT

The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

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

The department performing the IA 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 IA Charter, which is approved by the ARC. 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 IA plans are reviewed and approved by the ARC.

Corporate Governance Statement

PRINCIPLE 13: INTERNAL AUDIT (CONT'D)

The ARC will ensure that the department performing the IA function has adequate resources and appropriate standing within the Group to perform its function effectively including the assessment of the auditors' relationship with external auditors and the auditors' independence of the areas reviewed. Additionally, the ARC also carries out the following functions:

Oversee IA

(a) Monitor and assess the role and effectiveness of the IA function (including the IA Charter, plans, activities, staffing, budget, resources, and organisational structure of the IA function);

(b) Review the IA programme and reports on a periodic basis and monitor Management's responsiveness to the findings and recommendations;

(c) Ensure that the Head of IA has direct and unrestricted access to the Chairman of the Board and Committee, and is able to meet separately and privately to discuss matters / concerns; and

(d) Participate in the appointment, replacement or dismissal of the Head of IA.

PRINCIPLE 14: SHAREHOLDER RIGHTS

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Group's robust corporate governance culture and awareness promote fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore Companies Act and the Company's Constitution. All shareholders are treated fairly and equitably. These rights include, amongst others, pecuniary rights, for example, the right to participate in profit distributions and membership rights such as the right to participate in general meetings and the right to exercise their voting rights. Under the Company's Constitution, ordinary shareholders are entitled to attend and vote at the Annual General Meeting by person or proxy.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure. All price-sensitive information is publicly released prior to any sessions with individual investors or analysts.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST 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.

A dedicated Investor Relations (IR) team supports the Executive Chairman in maintaining a close and active dialogue with the investment community throughout the year, responding diligently and promptly to all enquiries, analysts and other interested parties. In addition, the Group's IR website at www.rafflesmedicalgroup.com/investor-relations acts as another avenue for the investment community to submit their feedback and questions.

Where there is an inadvertent disclosure made to a select group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

(a) 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 Singapore Companies Act, Singapore Financial Reporting Standards and the SGX-ST Listing Manual;

(b) Financial statements containing a summary of the financial information and affairs of the Group for the period;

(c) Notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings;

Corporate Governance Statement

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS (CONT'D)

(d) Media and analyst briefings for the Group's quarterly and annual results as well as other briefings, as appropriate;

(e) Media releases on the major developments of the Group;

(f) Disclosures to the SGX-ST; and

(g) The Group's IR website is where shareholders can access information on the Group. The website provides, inter alia, corporate announcements, media releases, annual reports, analysts' coverage and a profile of the Group.

The Group's IR activities promote regular, effective and fair communication with shareholders and the investment community. Briefing sessions for the media and analysts are conducted when quarterly results are released. All media statements and quarterly financial statements are published on SGXNet and subsequently on the Group's website.

For 2016, the IR team along with Senior Management engaged more than 245 local and foreign institutional entities through participation in 3 local and 2 overseas conferences, 5 small-group and 81 in-house meetings, which included the following events:

Month	Event	Location	Organiser
January	34th Annual J.P. Morgan Healthcare Conference	San Francisco	J.P. Morgan
February	FY 2015 Post-Results Luncheon	Singapore	Deutsche Bank
			UOB Kay Hian
March	J.P. Morgan Global Healthcare Forum		J.P. Morgan
April	19th Annual Asian Investment Conference	Hong Kong	Credit Suisse
	Q1 2016 Post-Results Luncheon	Singapore	CLSA
May	7th Annual dbAccess Asia Conference		Deutsche Bank
July	Q2 2016 Post-Results Luncheon		Nomura
September	SGX–DBS Vickers Healthcare Corporate Day		SGX & DBS Vickers
October	Q3 2016 Post-Results Luncheon		Maybank

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

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 ARC and the NCC 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 the audit and the preparation and content of the auditors' report.

Each item of special business included in the notice of the Annual General 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 compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Group has in place a policy which prohibits dealings in the Company's securities by all officers of the Company and its subsidiaries, during the periods commencing 2 weeks prior to the announcement of the Group's financial statements for each of the first 3 quarters of its financial year and 1 month prior to the announcement of the Group's full year financial statements and ending on the date of the announcement of such financial statements. Directors, executive officers and any other persons as determined by Management who may possess unpublished material price-sensitive information of the Group (relevant persons), are also reminded to observe insider trading laws at all times, and not to deal in the Company's securities when in possession of any price-sensitive and confidential information regarding the Group, or on short-term considerations. A reminder is circulated to Directors, executive officers and relevant persons of the Company and its subsidiaries every quarter before the commencement of the period during which dealings in the Company's securities are prohibited and to those with access to price-sensitive and confidential information. All Directors of the Company and its subsidiaries are required to report all dealings to the Company Secretaries.

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 adopt a bottom up approach in identifying and evaluating risks 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 ARC.

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.

INTERESTED PERSONS TRANSACTIONS

The Company has established procedures to ensure that all transactions with Interested Persons are reported to the ARC on a quarterly basis. The ARC has reviewed the Interested Persons Transactions (IPTs) entered into during the financial year by the Company.

In compliance with Listing Manual of the SGX-ST, the Company confirms that IPTs did not exceed $100,000 during the financial year ended 31 December 2016.

Financial Report Contents

Directors' Statement

Year ended 31 December 2016

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 2016.

In our opinion:

(a) the financial statements set out on pages 62 to 129 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group 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.

DIRECTORS

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

Dr Loo Choon Yong
Mr Koh Poh Tiong
Mr Kee Teck Koon
Dr Wee Beng Geok
Mr Tan Soo Nan
Professor Lim Pin
Mr Raymond Lim Siang Keat
Mr Olivier Lim Tse Ghow
Mr Eric Ang Teik Lim
Mr Lim Beng Chee

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:

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
The Company	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
		Ordinary Shares		
Dr Loo Choon Yong	173,218,320	175,274,270	715,459,827	722,912,534
Mr Koh Poh Tiong	420,000	420,000	–	–
Mr Kee Teck Koon	–	60,000	–	–
Dr Wee Beng Geok	3,309,000	3,219,000	–	–
Mr Tan Soo Nan	4,086,000	4,296,000	–	–
Professor Lim Pin	2,200,629	2,223,552	–	–
Mr Olivier Lim Tse Ghow	120,000	120,000	–	–

Directors' Statement
Year ended 31 December 2016

DIRECTORS' INTERESTS (CONT'D)

The Company	At beginning of the year	At end of the year	Option price per share	Date of grant
	Options to subscribe for ordinary shares			
Mr Koh Poh Tiong	90,000	90,000	$1.07	01/04/2014
	210,000	210,000	$1.31	01/04/2015
	–	150,000	$1.50	01/04/2016
Mr Kee Teck Koon	60,000	–	$0.78	02/04/2012
	180,000	180,000	$1.09	01/04/2013
	240,000	240,000	$1.07	01/04/2014
	210,000	210,000	$1.31	01/04/2015
	–	120,000	$1.50	01/04/2016
Dr Wee Beng Geok	210,000	–	$0.73	01/04/2011
	240,000	240,000	$0.78	02/04/2012
	240,000	240,000	$1.09	01/04/2013
	240,000	240,000	$1.07	01/04/2014
	210,000	210,000	$1.31	01/04/2015
	–	120,000	$1.50	01/04/2016
Mr Tan Soo Nan	210,000	–	$0.73	01/04/2011
	240,000	240,000	$0.78	02/04/2012
	240,000	240,000	$1.09	01/04/2013
	240,000	240,000	$1.07	01/04/2014
	210,000	210,000	$1.31	01/04/2015
	–	150,000	$1.50	01/04/2016
Professor Lim Pin	90,000	90,000	$1.07	01/04/2014
	180,000	180,000	$1.31	01/04/2015
	–	90,000	$1.50	01/04/2016
Mr Raymond Lim Siang Keat	150,000	150,000	$1.07	01/04/2014
	180,000	180,000	$1.31	01/04/2015
	–	90,000	$1.50	01/04/2016
Mr Olivier Lim Tse Ghow	60,000	60,000	$1.31	01/04/2015
	–	90,000	$1.50	01/04/2016
Mr Lim Beng Chee	–	45,000	$1.50	01/04/2016

On 11 May 2016, the Company completed a proposed share split of every one (1) existing share held by shareholders into three (3) shares in the capital of the Company (Share Split). For the purpose of this Directors' Statement, the Directors' shareholding interests in the Company were prepared on the assumption that the Share Split had been completed on 1 January 2016.

Directors' Statement

Year ended 31 December 2016

DIRECTORS' INTERESTS (CONT'D)

Immediate Holding 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
	Ordinary Shares			
Raffles Medical Holdings Pte Ltd				
Dr Loo Choon Yong	100,000	100,000	–	–

The options in the Company granted in 2011 to 2014 are exercisable during a period commencing 12 months from the Date of Grant for the first 90,000 shares (post Share Split), 24 months from the Date of Grant for the next 90,000 shares (post Share Split) and the balance after 36 months and expires at the end of 60 months from the Date of Grant. The options in the Company granted in 2015 and 2016 are exercisable during a period commencing 24 months from the Date of Grant for the first 60,000 shares (post Share Split), 36 months from the Date of Grant for the next 60,000 shares (post Share Split) and the balance after 48 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 interests in the other subsidiaries of Raffles Medical Holdings Pte Ltd, at the beginning and at the end of the financial year.

Except as disclosed in this statement, 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 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 2017.

Except as disclosed under the "Share Options" section of this statement, 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 in or debentures of the Company or any other body corporate.

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 was administered by the Nomination & Compensation Committee (Committee) comprising the following directors:

Dr Wee Beng Geok
Professor Lim Pin
Dr Loo Choon Yong

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 2016.

Directors' Statement

Year ended 31 December 2016

SHARE OPTIONS (CONT'D)

Employees' Share Option Scheme (cont'd)

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

(4) As at 31 December 2016, 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 2016*	Options exercised*	Options forfeited/ expired*	Options outstanding at 31 December 2016*	Number of option holders at 31 December 2016
03/04/2006	$0.24	273,000	126,000	147,000	–	–
02/04/2007	$0.38	762,000	396,000	60,000	306,000	11
01/04/2008	$0.41	1,050,000	438,000	87,000	525,000	21
01/04/2009	$0.26	2,046,000	429,000	81,000	1,536,000	26
01/04/2010	$0.55	3,234,000	594,000	45,000	2,595,000	56
		7,365,000	1,983,000	420,000	4,962,000	

* After adjustment for Share Split.

(5) Since the commencement of the Scheme, 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.

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

Name of Director	Aggregate options granted since commencement of Scheme to 31 December 2016*	Aggregate options exercised since commencement of Scheme to 31 December 2016*	Aggregate options outstanding as at 31 December 2016*
Dr Wee Beng Geok	3,414,000	3,414,000	–
Mr Tan Soo Nan	3,714,000	3,714,000	–
Professor Lim Pin	2,904,000	2,904,000	–
Total	10,032,000	10,032,000	–

* After adjustment for Share Split.

Directors' Statement

Year ended 31 December 2016

SHARE OPTIONS (CONT'D)

Employees' Share Option Scheme (cont'd)

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

(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 administrating 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.

(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.

Directors' Statement
Year ended 31 December 2016

SHARE OPTIONS (CONT'D)

Employees' Share Option Scheme (cont'd)

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

(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), or

(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' Statement

Year ended 31 December 2016

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:

Dr Wee Beng Geok
Mr Koh Poh Tiong
Professor Lim Pin
Mr Eric Ang Teik Lim (Appointed on 21 April 2016)
Dr Loo Choon Yong (Ceased on 21 April 2016)

(8) On 1 April 2016, additional options were granted pursuant to the RMG 2010 Scheme to subscribe for ordinary shares at an exercise price of $1.50 (post Share Split) as follows:

	Company
	Number of Shares*
Directors of the Company and Executive Directors of the subsidiaries	2,382,000
Other participants	8,118,000
	10,500,000

* After adjustment for Share Split.

(9) Since the commencement of the Scheme, 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 2016, outstanding options to take up unissued ordinary shares in the Company under the RMG 2010 Scheme as follows:

Date of grant of options	Exercise price per share*	Options outstanding at 1 January 2016*	Options granted*	Options exercised*	Options forfeited/ expired*	Options outstanding at 31 December 2016*	Number of option holders at 31 December 2016
01/04/2011	$0.73	4,758,000	–	1,413,000	39,000	3,306,000	92
02/04/2012	$0.78	8,436,000	–	1,501,000	51,000	6,884,000	154
01/04/2013	$1.09	11,856,000	–	1,714,000	15,000	10,127,000	240
01/04/2014	$1.07	14,583,000	–	2,073,000	54,000	12,456,000	317
01/04/2015	$1.31	14,634,000	–	–	–	14,634,000	480
01/04/2016	$1.50	–	10,500,000	–	63,000	10,437,000	390
		54,267,000	10,500,000	6,701,000	222,000	57,844,000	

* After adjustment for Share Split.

Directors' Statement
Year ended 31 December 2016

SHARE OPTIONS (CONT'D)

Employees' Share Option Scheme (cont'd)

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

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

Name of Director	Options granted for financial year ended 31 December 2016*	Aggregate options granted since commencement of Scheme to 31 December 2016*	Aggregate options exercised since commencement of Scheme to 31 December 2016*	Aggregate options outstanding as at 31 December 2016*
Mr Koh Poh Tiong	150,000	780,000	330,000	450,000
Mr Kee Teck Koon	120,000	810,000	60,000	750,000
Dr Wee Beng Geok	120,000	1,260,000	210,000	1,050,000
Mr Tan Soo Nan	150,000	1,290,000	210,000	1,080,000
Professor Lim Pin	90,000	1,020,000	660,000	360,000
Mr Raymond Lim Siang Keat	90,000	420,000	–	420,000
Mr Olivier Lim Tse Ghow	90,000	150,000	–	150,000
Mr Lim Beng Chee	45,000	45,000	–	45,000
Total	855,000	5,775,000	1,470,000	4,305,000

* After adjustment for Share Split.

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 holding, to any rights to participate in any share issue of any other company.

AUDIT & RISK COMMITTEE

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

- Mr Kee Teck Koon (Chairman), Non-Executive Director
- Mr Koh Poh Tiong, Non-Executive Director
- Mr Raymond Lim Siang Keat, Non-Executive Director
- Mr Eric Ang Teik Lim, Non-Executive Director

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

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

Directors' Statement

Year ended 31 December 2016

AUDIT & RISK COMMITTEE (CONT'D)

The Audit & Risk 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 & Risk 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 & Risk Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit & Risk Committee is satisfied with the independence and objectivity of the external auditors and 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 Kee Teck Koon
Director

18 February 2017

Independent Auditors' Report

Members of the Company
Raffles Medical Group Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Raffles Medical Group Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 62 to 129.

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

Basis for opinion

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

Key audit matters

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

Independent Auditors' Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Impairment assessment of goodwill ($26,121,000) (Refer to Note 5 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The assessment of the recoverability of goodwill requires significant judgment in determining the forecast future performance of the cash generating unit to which goodwill is allocated. Management's impairment assessment involves significant estimation, principally relating to the key assumptions for revenue growth rates, terminal growth rates and discount rates. The subjectivity of the principal assumptions required a significant amount of judgement and audit effort.	We assessed the appropriateness of management's determination of cash generating units (CGU). Our work focused on detailed analysis of the Group's value-in-use (VIU) calculations and we challenged the assumptions used by the Group in conducting the impairment review. Our procedures for challenging management's key assumptions included: • developing independent expectations for the key assumptions driving the cash flow projections, in particular discount rates, and comparing the independent expectations to those used by the Group; • challenging key assumptions for revenue growth rates and terminal growth rates with reference to economic and industry forecasts; • assessing the historical accuracy of the Group's estimates in the previous period; and • performing sensitivity analysis around the key assumptions including revenue growth rates and terminal growth rates to assess the extent of the change that would be required for the assets to be impaired. We also assessed whether the Group's disclosures about the CGU's key assumptions used and sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.
Our findings	
We concluded that the identification of CGUs was appropriate. We found that the assumptions and resulting estimates were balanced. CGU's key assumptions were appropriately disclosed.	

Independent Auditors' Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Classification and valuation of investment properties ($371,472,000) (Refer to Note 6 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
The Group has a property portfolio and the intended usage of each of the properties within this portfolio can change. Classification of an asset as investment property is based on how it is initially and subsequently used, and intentions for future use. Judgement is required in determining classification of investment properties. The Group engaged external experts to value its investment properties that are carried at fair value. The valuation of investment properties is sensitive to the key assumptions used in determining the cash flows projection, capitalisation, discount and termination yield rates. A small change in the assumption can have a significant impact on the valuations.	We evaluated the classification of investment properties, by enquiring the Group on how the properties are initially classified, subsequently used and intentions for future use. We evaluated the competence, capabilities and objectivity of the external valuer and held discussion with the external valuer to understand their valuation approach and basis of valuation. We challenged the appropriateness of the key assumptions used by the external valuer, including capitalisation rate, discount rate, terminal yield rate and term and reversion rate, by comparing them against historical trends and externally derived data. We considered the appropriateness of the relevant disclosure.
Our findings	
We found that the classification of the investment properties was appropriate. The valuers are members of generally-recognised professional bodies for valuers. The valuation methodologies used by the external valuer are comparable to similar property types in the market and those used in the prior years. The key assumptions used were appropriate and noted to be comparable to historical trends and externally derived data. We found that the disclosures in the financial statements are appropriate.	

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, other than the Shareholdings Statistics, which is expected to be made available to us after the date of this auditors' report.

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Independent Auditors' Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Independent Auditors' Report

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditors' report is Lau Kam Yuen.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
18 February 2017

Statements of Financial Position

As at 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current assets					
Property, plant and equipment	4	270,066	264,273	8,040	7,395
Intangible assets and goodwill	5	30,660	32,139	93	93
Investment properties	6	371,472	343,866	–	–
Subsidiaries	25	–	–	451,431	418,965
Deferred tax assets	7	437	790	–	–
Trade and other receivables	8	4,711	3,233	7,658	2,262
		677,346	644,301	467,222	428,715
Current assets					
Inventories		9,994	9,577	2,643	2,117
Trade and other receivables	8	101,408	74,995	103,234	104,894
Cash and cash equivalents	9	111,883	86,057	32,619	13,352
		223,285	170,629	138,496	120,363
Total assets		900,631	814,930	605,718	549,078
Equity attributable to owners of the Company					
Share capital	10	314,165	286,366	314,165	286,366
Reserves	10	352,223	316,739	242,894	200,301
		666,388	603,105	557,059	486,667
Non-controlling interests		15,456	18,922	–	–
Total equity		681,844	622,027	557,059	486,667
Non-current liabilities					
Loans and borrowings	12	16,947	20,880	–	–
Trade and other payables	13	4,397	3,385	96	135
Other financial liabilities	14	8,377	7,136	–	–
Deferred tax liabilities	7	4,853	4,662	722	602
		34,574	36,063	818	737
Current liabilities					
Loans and borrowings	12	13,451	11,402	9,518	7,482
Current tax liabilities		14,163	12,529	1,644	390
Trade and other payables	13	144,728	118,451	36,679	53,802
Other financial liabilities	14	166	1,654	–	–
Insurance contract provisions	15	11,705	12,804	–	–
		184,213	156,840	47,841	61,674
Total liabilities		218,787	192,903	48,659	62,411
Total equity and liabilities		900,631	814,930	605,718	549,078

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

Consolidated Statement of Profit or Loss

Year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Revenue		473,608	410,535
Other operating income		3,529	3,717
Inventories and consumables used		(51,235)	(44,270)
Purchased and contracted services		(40,415)	(36,871)
Staff costs		(241,736)	(203,537)
Depreciation of property, plant and equipment	4	(14,491)	(12,757)
Amortisation of intangible assets	5	(174)	(50)
Operating lease expenses		(14,215)	(11,040)
Other operating expenses		(32,925)	(25,123)
Profit from operating activities		81,946	80,604
Finance income		1,138	1,098
Finance expenses		(154)	(95)
Profit before tax		82,930	81,607
Tax expense	18	(14,984)	(12,576)
Profit for the year	17	67,946	69,031
Profit attributable to:			
Owners of the Company		70,210	69,291
Non-controlling interests		(2,264)	(260)
Profit for the year		67,946	69,031
Earnings per share			
Basic earnings per share (cents)	19	4.04	4.05
Diluted earnings per share (cents)	19	4.00	4.01

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Profit for the year		67,946	69,031
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment	4	–	1,712
Item that is or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		(4,029)	(1,264)
Total comprehensive income for the year		63,917	69,479
Total comprehensive income attributable to:			
Owners of the Company		67,267	70,075
Non-controlling interests		(3,350)	(596)
Total comprehensive income for the year		63,917	69,479

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2016

	Share capital $'000	Translation reserve $'000	Share option reserve $'000	Revaluation reserve $'000	Other reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2015	254,257	(221)	18,884	–	–	265,880	538,800	1,472	540,272
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	69,291	69,291	(260)	69,031
Other comprehensive income									
Foreign currency translation differences - foreign operations	–	(928)	–	–	–	–	(928)	(336)	(1,264)
Revaluation of property, plant and equipment	–	–	–	1,712	–	–	1,712	–	1,712
Total other comprehensive income for the year	–	(928)	–	1,712	–	–	784	(336)	448
Total comprehensive income for the year	–	(928)	–	1,712	–	69,291	70,075	(596)	69,479
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	12,396	–	–	–	–	–	12,396	–	12,396
Issue of shares in lieu of cash dividends of 4.0 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	19,713	–	–	–	–	–	19,713	–	19,713
Issue of shares to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	13,414	13,414
Value of employee services received for issue of share options	–	–	2,205	–	–	–	2,205	–	2,205
Final dividend paid of 4.0 cents per ordinary share - Cash	–	–	–	–	–	(2,971)	(2,971)	–	(2,971)
Final dividend paid of 4.0 cents per ordinary share - Scrip	–	–	–	–	–	(19,713)	(19,713)	–	(19,713)
Interim dividend paid of 1.5 cents per ordinary share - Cash	–	–	–	–	–	(8,610)	(8,610)	–	(8,610)
Dividends distributed to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	(100)	(100)
Total contributions by and distributions to owners	32,109	–	2,205	–	–	(31,294)	3,020	13,314	16,334
Changes in ownership interests in subsidiaries									
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	–	–	4,732	4,732
Present value of the exercise price of written put options	–	–	–	–	(8,790)	–	(8,790)	–	(8,790)
Total changes in ownership interests in subsidiaries	–	–	–	–	(8,790)	–	(8,790)	4,732	(4,058)
Total transactions with owners	32,109	–	2,205	–	(8,790)	(31,294)	(5,770)	18,046	12,276
At 31 December 2015	286,366	(1,149)	21,089	1,712	(8,790)	303,877	603,105	18,922	622,027

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

Consolidated Statement of Changes in Equity (cont'd)

Year ended 31 December 2016

	Share capital	Translation reserve	Share option reserve	Revaluation reserve	Other reserve	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2016	286,366	(1,149)	21,089	1,712	(8,790)	303,877	603,105	18,922	622,027
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	70,210	70,210	(2,264)	67,946
Other comprehensive income									
Foreign currency translation differences - foreign operations	–	(2,943)	–	–	–	–	(2,943)	(1,086)	(4,029)
Total other comprehensive income for the year	–	(2,943)	–	–	–	–	(2,943)	(1,086)	(4,029)
Total comprehensive income for the year	–	(2,943)	–	–	–	70,210	67,267	(3,350)	63,917
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares upon the exercise of options under Raffles Medical Group Employees' Share Option Scheme	7,093	–	–	–	–	–	7,093	–	7,093
Issue of shares in lieu of cash dividends of 4.5 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	20,706	–	–	–	–	–	20,706	–	20,706
Value of employee services received for issue of share options	–	–	2,656	–	–	–	2,656	–	2,656
Final dividend paid of 4.5 cents per ordinary share - Cash	–	–	–	–	–	(5,246)	(5,246)	–	(5,246)
Final dividend paid of 4.5 cents per ordinary share - Scrip	–	–	–	–	–	(20,706)	(20,706)	–	(20,706)
Interim dividend paid of 1.5 cents per ordinary share - Cash	–	–	–	–	–	(8,734)	(8,734)	–	(8,734)
Dividends distributed to non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	(116)	(116)
Total contributions by and distributions to owners	27,799	–	2,656	–	–	(34,686)	(4,231)	(116)	(4,347)
Changes in ownership interests in subsidiaries									
Present value of the exercise price of written put options	–	–	–	–	247	–	247	–	247
Total changes in ownership interests in subsidiaries	–	–	–	–	247	–	247	–	247
Total transactions with owners	27,799	–	2,656	–	247	(34,686)	(3,984)	(116)	(4,100)
At 31 December 2016	314,165	(4,092)	23,745	1,712	(8,543)	339,401	666,388	15,456	681,844

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

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Profit for the year		67,946	69,031
Adjustments for:			
Amortisation of intangible assets		174	50
Changes in fair value of investment properties		(1,530)	(1,494)
Depreciation of property, plant and equipment		14,491	12,757
Equity-settled share-based payment transactions		2,656	2,205
Finance expenses		154	95
Finance income		(1,138)	(1,098)
Gain on disposal of property, plant and equipment		–	(37)
Loss on disposal of property, plant and equipment		–	6
Property, plant and equipment written off		154	28
Tax expense		14,984	12,576
		97,891	94,119
Changes in working capital:			
Inventories		(417)	(226)
Trade and other receivables		(28,474)	(8,114)
Trade and other payables		24,025	(2,139)
Insurance contract provisions		(1,099)	1,710
Cash generated from operations		91,926	85,350
Tax paid		(12,693)	(12,534)
Interest paid		(379)	–
Net cash from operating activities		78,854	72,816
Cash flows from investing activities			
Interest received		1,188	1,126
Proceeds from disposal of property, plant and equipment		–	479
Acquisition of subsidiaries, net of cash acquired	21	–	(29,786)
Purchase of property, plant and equipment		(14,497)	(34,687)
Payment for investment properties under development		(31,063)	(115,328)
Net cash used in investing activities		(44,372)	(178,196)
Cash flows from financing activities			
Dividends paid to owners of the Company		(13,980)	(11,581)
Dividends paid to non-controlling interests		(116)	(100)
Loan from subsidiary's non-controlling interest		623	1,376
Proceeds from issue of shares under share option scheme		7,093	12,396
Proceeds from issue of shares to non-controlling interests of subsidiaries		–	13,414
Proceeds from bank loans		95,886	105,792
Repayment of bank loans		(97,992)	(80,152)
Net cash (used in)/from financing activities		(8,486)	41,145
Net increase/(decrease) in cash and cash equivalents		25,996	(64,235)
Cash and cash equivalents at 1 January		86,057	150,179
Effect of exchange rate fluctuations on cash held		(170)	113
Cash and cash equivalents at 31 December	9	111,883	86,057

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

Notes to the Financial Statements

Year ended 31 December 2016

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 February 2017.

1 DOMICILE AND ACTIVITIES

Raffles Medical Group Ltd (the Company) is a company incorporated in Singapore. The address of the Company's registered office is 585 North Bridge Road, Raffles Hospital #11-00, Singapore 188770.

The financial statements of the Group as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the Group).

The principal activities of the Company are those relating to the operation of medical clinics, other general medical services and investment holdings.

The Group and the Company are the sole proprietor of the following:

Family Doctors
RafflesCare
Raffles Airport Medical Centre
Raffles Corporate Wellness
Raffles Dental Surgery
Raffles Healthcare Consultancy
Raffles Healthcare Institute
Raffles Health Screeners
Raffles Medical Management
Raffles Medihelp
Raffles Optica
Raffles Pharmacare
Raffles Pharmacy
Raffles Specialist Centre

The Group and the Company are the partner of the following:

Changi Medical Services LLP
Raffles International Medical Assistance 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 25 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.

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 as otherwise described in the notes below.

Notes to the Financial Statements
Year ended 31 December 2016

2 BASIS OF PREPARATION (CONT'D)

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 have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs 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 critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 6 – classification of investment properties.

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 5 – impairment test: key assumptions underlying recoverable amounts
- Note 6 – fair value determination of investment properties
- Note 7 – utilisation of tax losses
- Note 15 – insurance contract provisions

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Significant valuation issues are reported to the Audit & Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 – investment properties
- Note 11 – employee share options
- Note 16 – financial instruments
- Note 21 – acquisition of subsidiaries

Notes to the Financial Statements

Year ended 31 December 2016

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 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (NCI) 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. Any goodwill that arises is tested annually for impairment.

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 date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Notes to the Financial Statements

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Written put option in business combination

When the Group writes a put with the non-controlling shareholder in an existing subsidiary on their equity interests in that subsidiary and the put option granted to the non-controlling shareholders provides for settlement in cash or in another financial asset by the Group, then the Group recognises a liability for the present value of the exercise price of the option. Subsequent to initial recognition of the financial liability, the Group has adopted an accounting policy choice to recognise the changes in the carrying amount of the financial liability in equity.

NCI have present access to the returns associated with the underlying ownership interests, the Group has elected the present-access method to account for the NCI. Under the present-access method, the interest of non-controlling shareholders that hold the written put option are not derecognised when the financial liability is recognised. NCI has present access to the returns that are the subject of the put option.

If the put option expires unexercised, then the put liability is reversed against the other equity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statements

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 translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the translation of a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

Notes to the Financial Statements

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Foreign operations

The assets and liabilities of foreign operations, excluding 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. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

Hedge of a net investment in foreign operations

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables 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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred assets. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Notes to the Financial Statements
Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Non-derivative financial assets (cont'd)

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 classifies non-derivative financial assets into the following categories: 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 initially measured 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

Cash and cash equivalents comprise cash balances and bank deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

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, 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 legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative 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.

Financial liabilities comprise loans and borrowings, and trade and other payables.

Share capital

Ordinary shares

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

Notes to the Financial Statements

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contracts.

3.4 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;
- when the Group has an obligation to remove the asset or restore the site, an estimate of 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 gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing 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 component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component 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 as an expense 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.

Notes to the Financial Statements
Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

Depreciation (cont'd)

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.

Freehold land and fixed asset work in progress are not depreciated.

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

• Leasehold land	99 years, or lease term if shorter
• 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 to 6 years
• Renovations	6 years, or lease term if shorter
• Facilities equipment	10 years

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

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss. When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

3.5 Intangible assets and goodwill

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.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and 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.

Notes to the Financial Statements

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets and goodwill (cont'd)

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 years are as follows:

- Assignment fees 10 years
- Customer relationship 7 - 13 years

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

3.6 Investment properties and properties under development

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties under development are properties being constructed or developed for future use as investment properties. They are not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Investment properties under development are measured at cost when fair value of the investment properties under development cannot be measured reliably. Investment properties under development is accounted for using the cost model until the earlier of the date on which fair value of the property can be measured reliably or the date on which the development is completed.

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

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment properties that were previously classified as property, plant and equipment are 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.

Transfer to, or from, investment properties are made when there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and
- end of owner-occupation, from a transfer from property, plant and equipment to investment properties.

Notes to the Financial Statements
Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 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 are not recognised in the Group's statement of financial position.

3.8 Inventories

Inventories, comprising mainly finished goods of pharmaceutical and medical supplies, are measured 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 the estimated costs of completion and estimated costs necessary to make the sale.

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(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact 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 or adverse changes in the payment status of borrowers or issuers.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and 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 loans and 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 the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Notes to the Financial Statements

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, 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 its estimated recoverable amount.

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 CGUs. 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 testing is performed 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 (group of CGUs), 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 related 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.

Notes to the Financial Statements

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Employee benefits (cont'd)

Share-based payment transactions

The grant date fair value of equity-settled 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 performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that 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.

3.12 Revenue

Rendering of services

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

Rental income

Rental income from investment properties 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 finance 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 comprise 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.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance expenses depending on whether foreign currency movements are in a net gain or net loss position.

Notes to the Financial Statements
Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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:

- 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;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- 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 reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the presumption that the carrying amount of the investment properties will be recovered through sale has not been rebutted. 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.

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 year, 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.

Notes to the Financial Statements
Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group has evaluated the transition options and the potential impact on its financial statements, and to implement these standards. The Group does not plan to adopt these standards early.

Notes to the Financial Statements

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 New standards and interpretations not adopted (cont'd)

Applicable to 2018 financial statements

New standards

Summary and requirements	Potential impact on the financial statements
FRS 115 Revenue from Contracts with Customers	
FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transitions.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group does not expect a significant impact on its revenue recognition. **Transition** - The Group plans to adopt the standard when it becomes effective in 2018 using the full retrospective approach.
FRS 109 Financial Instruments	
FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group does not expect a significant impact on its opening equity. **Classification and measurement** - The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. **Impairment** – On adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance. The Group is currently refining its impairment loss estimation methodology to quantify the impact on its financial statements. **Transition** – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

Notes to the Financial Statements
Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 New standards and interpretations not adopted (cont'd)

Applicable to 2018 financial statements (cont'd)

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group is currently assessing the impact of SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework and performing an analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1. The preliminary assessment may be subject to changes arising from the detailed analyses.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

Applicable to 2019 financial statements

New standards

Summary of the requirement	Potential impact on the financial statement
FRS 116 *Leases*	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee (refer to Note 22). Based on the preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis amount to approximately 3% of the consolidated total assets and 12% of consolidated total liabilities. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease terms run down. The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017. The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.

Notes to the Financial Statements

Year ended 31 December 2016

4 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Leasehold land $'000	Properties $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Facilities equipment $'000	Fixed asset work in progress $'000	Total $'000
Group												
Cost												
At 1 January 2015	–	132,297	83,642	41,629	5,239	848	523	12,699	11,651	2,427	300	291,255
Acquisition through business combination (note 21)	–	–	–	1,383	17	90	10	816	846	–	54	3,216
Reclassification of investment property – depreciation offset	–	(31)	(29)	–	–	–	–	–	–	–	–	(60)
Revaluation of leasehold land and building reclassified to investment properties	–	1,080	632	–	–	–	–	–	–	–	–	1,712
Reclassification from investment properties (note 6)	–	7,972	–	–	–	–	–	–	–	–	3,903	11,875
Reclassification to investment properties (note 6)	–	(1,435)	(825)	–	–	–	–	–	–	–	–	(2,260)
Additions	18,500	–	2,416	5,235	1,834	342	544	1,902	3,161	581	172	34,687
Disposals	–	–	–	(191)	–	–	(353)	(943)	(4)	(13)	–	(1,504)
Write-off	–	–	–	(281)	(354)	(57)	–	(579)	(223)	(24)	–	(1,518)
Transfer	–	–	–	96	68	11	–	8	107	–	(290)	–
Effect of movements in exchange rates	–	–	–	90	4	3	3	26	111	–	–	237
At 31 December 2015	18,500	139,883	85,836	47,961	6,808	1,237	727	13,929	15,649	2,971	4,139	337,640
Reclassification from investment properties (note 6)	–	3,797	1,861	–	–	–	–	–	–	–	–	5,658
Additions	–	–	6,304	3,083	653	407	23	1,005	1,265	362	1,694	14,796
Write-off	–	–	–	(640)	(361)	(12)	(1)	(139)	(286)	(6)	–	(1,445)
Transfer	–	–	3,903	5	–	1	–	5	215	–	(4,129)	–
Effect of movements in exchange rates	–	–	–	(79)	(6)	(8)	–	(84)	(152)	–	(3)	(332)
At 31 December 2016	18,500	143,680	97,904	50,330	7,094	1,625	749	14,716	16,691	3,327	1,701	356,317

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land	Leasehold land	Properties	Medical equipment	Furniture and fittings	Office equipment	Motor vehicles	Computers	Renovations	Facilities equipment	Fixed asset work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group												
Accumulated depreciation												
At 1 January 2015	–	8,909	10,598	22,741	2,447	593	300	7,790	7,983	1,685	–	63,046
Reclassification of investment property – depreciation offset	–	(31)	(29)	–	–	–	–	–	–	–	–	(60)
Depreciation charge for the year	–	1,954	2,115	3,972	572	142	71	2,084	1,672	175	–	12,757
Disposals	–	–	–	(107)	–	–	(262)	(674)	–	(13)	–	(1,056)
Write-off	–	–	–	(274)	(340)	(54)	–	(577)	(223)	(22)	–	(1,490)
Effect of movements in exchange rates	–	–	–	57	2	2	1	18	90	–	–	170
At 31 December 2015	–	10,832	12,684	26,389	2,681	683	110	8,641	9,522	1,825	–	73,367
Depreciation charge for the year	–	2,122	2,293	4,555	647	210	73	2,196	2,191	204	–	14,491
Write-off	–	–	–	(613)	(271)	(10)	(1)	(138)	(252)	(6)	–	(1,291)
Effect of movements in exchange rates	–	–	–	(69)	(4)	(4)	–	(69)	(170)	–	–	(316)
At 31 December 2016	–	12,954	14,977	30,262	3,053	879	182	10,630	11,291	2,023	–	86,251
Carrying amounts												
At 1 January 2015	–	123,388	73,044	18,888	2,792	255	223	4,909	3,668	742	300	228,209
At 31 December 2015	18,500	129,051	73,152	21,572	4,127	554	617	5,288	6,127	1,146	4,139	264,273
At 31 December 2016	18,500	130,726	82,927	20,068	4,041	746	567	4,086	5,400	1,304	1,701	270,066

Reclassification from investment property

During the year, the construction of an investment property was completed. $5,658,000 was transferred from investment property to property, plant and equipment due to the finalised composition of the property's intended own usage and leased out (note 6).

Notes to the Financial Statements
Year ended 31 December 2016

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Medical equipment	Furniture and fittings	Office equipment	Motor vehicles	Computers	Renovations	Fixed asset work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company								
Cost								
At 1 January 2015	2,851	1,987	461	403	4,295	4,805	265	15,067
Additions	656	156	189	544	1,010	914	169	3,638
Disposal	–	–	–	(288)	(1)	–	–	(289)
Write-off	(36)	(65)	(29)	–	(165)	(120)	–	(415)
Transfer	96	41	12	–	7	103	(259)	–
At 31 December 2015	3,567	2,119	633	659	5,146	5,702	175	18,001
Additions	603	293	321	22	388	517	687	2,831
Disposal	(1)	–	–	–	(1)	–	–	(2)
Write-off	(15)	(24)	(6)	(1)	(52)	(59)	–	(157)
Transfer	5	–	–	–	5	158	(168)	–
At 31 December 2016	4,159	2,388	948	680	5,486	6,318	694	20,673
Accumulated depreciation								
At 1 January 2015	1,117	886	318	269	3,043	3,659	–	9,292
Depreciation charge for the year	355	196	74	57	507	723	–	1,912
Disposal	–	–	–	(197)	(1)	–	–	(198)
Write-off	(34)	(55)	(26)	–	(165)	(120)	–	(400)
At 31 December 2015	1,438	1,027	366	129	3,384	4,262	–	10,606
Depreciation charge for the year	411	209	113	53	675	712	–	2,173
Disposal	(1)	–	–	–	(1)	–	–	(2)
Write-off	(12)	(16)	(4)	(1)	(52)	(59)	–	(144)
At 31 December 2016	1,836	1,220	475	181	4,006	4,915	–	12,633
Carrying amounts								
At 1 January 2015	1,734	1,101	143	134	1,252	1,146	265	5,775
At 31 December 2015	2,129	1,092	267	530	1,762	1,440	175	7,395
At 31 December 2016	2,323	1,168	473	499	1,480	1,403	694	8,040

Notes to the Financial Statements

Year ended 31 December 2016

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Details of freehold land, leasehold land and properties of the Group are as follows:

Description/Location	Gross Floor Area (sq m)	Tenure	Group Carrying amount 2016 $'000	Group Carrying amount 2015 $'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	762	788
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	219	226
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	1,060	1,096
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	1,353	1,395
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	848	874
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	678	698
HDB shop with living quarters located at Blk 446 Clementi Avenue 3, #01-189, Singapore 120446, held for use as a primary healthcare clinic	182.0	84 years commencing from 01/01/1995	5,208	–
A hospital building, located at 585 North Bridge Road, Singapore 188770, held for use as a hospital and medical centre	28,604.9*	99 years commencing from 01/03/1979	183,131	186,943
A building, located at 25 Tannery Lane, Singapore 347786, held for use as administrative and support office	3,295.5	Freehold	20,547	20,711
Raffles Holland V, located at 118 Holland Avenue, Singapore 278997, held for use as a medical centre	6,011.4#	99 years commencing from 18/01/1985	18,347	7,972
			232,153	220,703

* Includes commercial space of 284.4 sq m (2015: 284.4 sq m) classified as investment properties.
# Includes commercial space of 4,981.1 sq m (2015: 5,018.9 sq m) classified as investment properties.

Notes to the Financial Statements

Year ended 31 December 2016

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 AND GOODWILL

	Note	Goodwill $'000	Customer relationship $'000	Membership rights $'000	Assignment fees $'000	Total $'000
Group						
Cost						
At 1 January 2015		152	–	164	612	928
Acquisition through business combination	21	26,950	5,075	–	–	32,025
At 31 December 2015		27,102	5,075	164	612	32,953
Effects of movement in exchange rate		(829)	(476)	–	–	(1,305)
At 31 December 2016		26,273	4,599	164	612	31,648
Accumulated amortisation and impairment losses						
At 1 January 2015		152	–	–	612	764
Amortisation		–	50	–	–	50
At 31 December 2015		152	50	–	612	814
Amortisation		–	174	–	–	174
At 31 December 2016		152	224	–	612	988
Carrying amounts						
At 1 January 2015		–	–	164	–	164
At 31 December 2015		26,950	5,025	164	–	32,139
At 31 December 2016		26,121	4,375	164	–	30,660

Notes to the Financial Statements
Year ended 31 December 2016

5 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

	Membership rights $'000	Goodwill $'000	Total $'000
Company			
Cost			
At 1 January 2015, 31 December 2015 and 31 December 2016	93	152	245
Accumulated amortisation and impairment losses			
At 1 January 2015, 31 December 2015 and 31 December 2016	–	152	152
Carrying amounts			
At 1 January 2015, 31 December 2015 and 31 December 2016	93	–	93

Goodwill of $152,000 represents the excess of the purchase consideration over the fair value of the net identifiable assets acquired from the purchase of a clinic business. The amount was fully impaired in 2012.

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows:

	Group	
	2016 $'000	2015 $'000
China clinics	22,521	23,436
IndoChina clinics	3,600	3,514
	26,121	26,950

The recoverable amount of CGUs were based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU.

Key assumptions used in the estimation of value in use were as follows:

	Group	
	2016 %	2015 %
Discount rate	14.4 – 20.6	11.3 - 21.1
Terminal growth rate	0.2 - 2.4	2.2 - 4.6
Revenue growth rate	7.5 - 14.3	6.6 - 11.2

Notes to the Financial Statements

Year ended 31 December 2016

5 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the nominal GDP rates for the countries in which the CGU operates.

Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales price would grow at a constant margin above forecast inflation over the next five years.

6 INVESTMENT PROPERTIES

	Group	
	2016	2015
	$'000	$'000
At 1 January	343,866	228,300
Additions	33,574	123,687
Reclassification to property, plant and equipment (note 4)	(5,658)	(11,875)
Reclassification from property, plant and equipment (note 4)	–	2,260
Changes in fair value	1,530	1,494
Translation differences on consolidation	(1,840)	–
At 31 December	371,472	343,866

(a) Investment properties relates to the shop units within Raffles Hospital Building, units of commercial space within Samsung Hub and Raffles Holland V that are leased to external parties. 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. These properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

(b) Investment properties under development relates to properties development expenditure for Raffles Hospital Extension and Raffles Medical Shanghai Hospital Project. Investment properties under development are accounted for using the cost model until the earlier of the date on which fair value of the property can be measured reliably or the date on which the development is completed.

(c) During the year, the construction of an investment property was completed. $5,658,000 was transferred from investment property to property, plant and equipment due to the finalised composition of the property's intended own usage and leased out (note 4).

(d) As at 31 December 2016, investment properties under development amounted to $236,292,000 (2015: $304,596,000). Included in this amount are capitalised borrowing costs and staff costs related to the construction of the properties of $452,000 and $3,753,000, respectively (2015: $68,000 and $2,556,000).

Notes to the Financial Statements

Year ended 31 December 2016

6 INVESTMENT PROPERTIES (CONT'D)

Investment properties under development:

Description/Location	Tenure	Expected date of completion	Site area (sq m)	Group's effective interest
Extension of Raffles Hospital, located at 585 North Bridge Road, Singapore 188770	99 years commencing from 01/03/1979	2017	1,978.1	100%
Raffles Medical Shanghai Hospital Project, located at China Shanghai Pilot Free Trade Zone, Ji Yang Road 688-4-101	50 years commencing from 31/10/2015	2018	12,455.5	70%

Investment properties:

Description/Location	Tenure	Gross Floor Area (sq m)
Units within Raffles Hospital, located at 585 North Bridge Road, Singapore 188770	99 years commencing from 01/03/1979	284.4 (2015: 284.4)
Units within Samsung Hub, located at 3 Church Street Singapore 049483	999 years commencing from 25/01/1827	491.0 (2015: 491.0)
Units within Raffles Holland V, located at 118 Holland Avenue, Singapore 278997	99 years commencing from 18/01/1985	4,981.1

Measurement of fair value

(i) Fair value hierarchy

Investment properties and investment properties under development that are measured at fair value are stated at fair value based on valuation performed by independent professional valuers, Jones Lang LaSalle Property Consultants Pte. Ltd., having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair values are based on open 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, prudently, and without compulsion. In determining the fair value, the valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The valuers have considered valuation techniques including the capitalisation and term and reversion approaches in arriving at the open market value as at the reporting date.

The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The term and reversion approach capitalises net rental income on a fully leased basis with regards to the current passing rental income from existing tenancies and potential future reversionary income at the market level.

The fair value measurement for investment properties of $135,180,000 (2015: $133,895,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2.4).

Notes to the Financial Statements

Year ended 31 December 2016

6 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Group	
	2016	2015
	$'000	$'000
At 1 January	133,895	36,200
Reclassification to property, plant and equipment (note 4)	(5,658)	(11,875)
Reclassification from property, plant and equipment (note 4)	–	2,260
Additions	5,413	105,816
Gain included in other operating income		
– Changes in fair value	1,530	1,494
At 31 December	135,180	133,895

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Capitalisation and discounted cash flow approach	• Capitalisation rates 4.0% to 7.0% (2015: 4.5% to 7.0%) • Discount rates 7.5% to 8.0% • Terminal yield rates 4.25% to 5.75%	The estimated fair value varies inversely against the capitalisation rates and discount rates.
Term and reversion approach	• Term and reversion rate of 3.5% (2015: 3.75%)	The estimated fair value varies inversely against the term and reversion rate.

7 DEFERRED TAX ASSETS AND LIABILITIES

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

	At 1 January 2015	Acquisition through business combination (note 21)	Recognised in profit or loss (note 18)	Exchange differences	At 31 December 2015	Recognised in profit or loss (note 18)	Exchange differences	At 31 December 2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Deferred tax assets								
Property, plant and equipment	–	(64)	(5)	(2)	(71)	5	(1)	(67)
Unutilised tax losses	–	(258)	–	(1)	(259)	–	11	(248)
Other items	–	(471)	16	(5)	(460)	330	8	(122)
	–	(793)	11	(8)	(790)	335	18	(437)
Deferred tax liabilities								
Property, plant and equipment	3,165	–	458	–	3,623	394	–	4,017
Intangible assets	–	1,289	(25)	–	1,264	(87)	(121)	1,056
Other items	(186)	–	(39)	–	(225)	5	–	(220)
	2,979	1,289	394	–	4,662	312	(121)	4,853

Notes to the Financial Statements

Year ended 31 December 2016

7 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

	At 1 January 2015 $'000	Recognised in profit or loss $'000	At 31 December 2015 $'000	Recognised in profit or loss $'000	At 31 December 2016 $'000
Company					
Deferred tax liabilities					
Property, plant and equipment	574	94	668	117	785
Other items	(51)	(15)	(66)	3	(63)
	523	79	602	120	722

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.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2016 $'000	2015 $'000
Tax losses	6,165	5,607

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.

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables	51,680	46,637	13,312	10,163
Allowance for doubtful receivables	(3,743)	(2,722)	(621)	(453)
Net receivables	47,937	43,915	12,691	9,710
Deposits	5,339	5,049	2,913	2,822
Staff loans	1,582	2,232	691	1,273
Other receivables	48,380	24,286	4	190
Amounts due from subsidiaries:				
– trade	–	–	14,735	2,344
– non-trade (see note below)	–	–	79,135	90,312
	103,238	75,482	110,169	106,651
Prepayments	2,881	2,746	723	505
	106,119	78,228	110,892	107,156
Non-current	4,711	3,233	7,658	2,262
Current	101,408	74,995	103,234	104,894
	106,119	78,228	110,892	107,156

Notes to the Financial Statements
Year ended 31 December 2016

8 TRADE AND OTHER RECEIVABLES (CONT'D)

	Company	
	2016	2015
	$'000	$'000
Amounts due from subsidiaries (non-trade)	81,235	92,412
Allowance for doubtful receivables	(2,100)	(2,100)
Net receivables	79,135	90,312

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

Other receivables relate mainly to amount owing by related parties of non-controlling interests of newly acquired subsidiaries. These amounts are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 16.

9 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Fixed deposits	81,138	64,768	29,516	12,222
Cash at bank and in hand*	30,745	21,289	3,103	1,130
	111,883	86,057	32,619	13,352

* Includes interest-bearing cash deposit

The weighted average effective interest rates per annum relating to cash and cash equivalents, at the reporting date for the Group and Company are 0.97% (2015: 1.36%) and 0.96% (2015: 1.51%) respectively. Interest rates re-price at intervals of two weeks to four months.

Notes to the Financial Statements

Year ended 31 December 2016

10 CAPITAL AND RESERVES

Share capital

	Group and Company			
	2016		2015	
	No. of shares '000	$'000	No. of shares '000	$'000
Fully paid ordinary shares, with no par value:				
At 1 January	575,034	286,366	564,161	254,257
Additional shares from Share Split[(1)]	1,153,409	–	–	–
Issue of shares under scrip dividend	14,379	20,706	5,476	19,713
Issue of shares under share option scheme	5,342	7,093	5,397	12,396
At 31 December	1,748,164	314,165	575,034	286,366

(1) On 11 May 2016, the Company completed a proposed share split of every one (1) existing share held by shareholders into three (3) shares in the capital of the Company (Share Split). For comparative purposes, the weighted average number of shares for 2016 and 2015 have been adjusted for the Share Split (Note 19).

Ordinary shares

The holders of ordinary 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 rank equally with regard to the Company's residual assets.

On 11 May 2016, the Company completed the share split exercise of every one (1) share into three (3) ordinary shares which resulted in an increase in the number of ordinary shares from 576,704,749 to 1,730,114,247.

During the financial year, the Company issued 14,379,071 shares at $1.44 per share (2015: 5,475,915 shares at $3.60 per share prior to share split) to shareholders in lieu of cash dividends of 4.5 cents (2015: 4.0 cents) per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme.

Notes to the Financial Statements
Year ended 31 December 2016

10 CAPITAL AND RESERVES (CONT'D)

Ordinary shares (cont'd)

Pursuant to the option plans i.e. RMG 2000 Scheme and RMG 2010 Scheme, a total of 8,684,000 (2015: 16,191,000) new fully-paid ordinary shares were also issued during the year for cash by the Company as follows:

Date of Grant	Exercise price*	No. of Shares	
	$	2016*	2015*
01/04/2005	0.14	–	90,000
03/04/2006	0.24	126,000	567,000
02/04/2007	0.38	396,000	636,000
01/04/2008	0.41	438,000	483,000
01/04/2009	0.26	429,000	1,188,000
01/04/2010	0.55	594,000	2,811,000
01/04/2011	0.73	1,413,000	1,572,000
02/04/2012	0.78	1,501,000	2,556,000
01/04/2013	1.09	1,714,000	3,300,000
01/04/2014	1.07	2,073,000	2,988,000
		8,684,000	16,191,000

* After adjustment for Share Split.

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 11.

Reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Translation reserve	(4,092)	(1,149)	–	–
Share option reserve	23,745	21,089	23,745	21,089
Revaluation reserve	1,712	1,712	–	–
Other reserve	(8,543)	(8,790)	–	–
Accumulated profits	339,401	303,877	219,149	179,212
	352,223	316,739	242,894	200,301

Notes to the Financial Statements

Year ended 31 December 2016

10 CAPITAL AND RESERVES (CONT'D)

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Share option reserve

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

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately before its reclassification as investment property.

Other reserve

Other reserve relates to present value of the exercise price of written put option arising from the call and put options entered with the non-controlling shareholders (see note 14).

11 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 was administered by the Committee comprising three directors, Dr 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.

Notes to the Financial Statements

Year ended 31 December 2016

11 EMPLOYEE SHARE OPTIONS (CONT'D)

RMG 2010 Scheme (cont'd)

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

(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); or

(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 four directors, Dr Wee Beng Geok, Mr Koh Poh Tiong, Professor Lim Pin and Mr Eric Ang Teik Lim.

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

	Weighted average exercise price	No. of options	Weighted average exercise price	No. of options
	2016	2016	2015	2015
	$	'000	$	'000
Outstanding at 1 January	2.963	20,544	2.561	21,921
Adjustment for Share Split	–	44,582	–	–
Granted during the year	4.510	3,500	3.930	5,000
Forfeited/expired during the year	0.787	(478)	2.578	(980)
Exercised during the year	1.328	(5,342)	2.297	(5,397)
Outstanding at 31 December	1.101	62,806	2.963	20,544
Exercisable at 31 December	0.900	35,803	2.569	13,372

Notes to the Financial Statements

Year ended 31 December 2016

11 EMPLOYEE SHARE OPTIONS (CONT'D)

RMG 2010 Scheme (cont'd)

Options under RMG 2000 Scheme and RMG 2010 Scheme exercised in 2016 resulted in 5,342,000 ordinary shares being issued at weighted average exercise price of $1.328 each.

On 11 May 2016, the Company completed the share split exercise of every 1 share into 3 ordinary shares which resulted in an increase in the number of options from 22,291,000 to 66,873,000.

In 2016, 478,000 options under RMG 2000 Scheme and RMG 2010 Scheme were forfeited at weighted average exercise price of $0.787 each.

Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $1.49 (2015: $1.22) per share after adjustment for Share Split.

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

			Options outstanding	
Date of grant of options	Expiry date	Exercise price*	2016*	2015*
		$	'000	'000
03/04/2006	02/04/2016	0.24	–	273
02/04/2007	01/04/2017	0.38	306	762
01/04/2008	31/03/2018	0.41	525	1,050
01/04/2009	31/03/2019	0.26	1,536	2,046
01/04/2010	31/03/2020	0.55	2,595	3,234
01/04/2011	31/03/2016	0.73	–	540
01/04/2011	31/03/2021	0.73	3,306	4,218
02/04/2012	01/04/2017	0.78	555	690
02/04/2012	01/04/2022	0.78	6,329	7,746
01/04/2013	31/03/2018	1.09	840	930
01/04/2013	31/03/2023	1.09	9,287	10,926
01/04/2014	31/03/2019	1.07	1,230	1,320
01/04/2014	31/03/2024	1.07	11,226	13,263
01/04/2015	31/03/2020	1.31	1,485	1,485
01/04/2015	31/03/2025	1.31	13,149	13,149
01/04/2016	31/03/2021	1.50	1,002	–
01/04/2016	31/03/2026	1.50	9,435	–
			62,806	61,632

* After adjustment for Share Split.

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.

Notes to the Financial Statements

Year ended 31 December 2016

11 EMPLOYEE SHARE OPTIONS (CONT'D)

	Group	
Date of grant of options	**01/04/2016**	**01/04/2015**
Fair value of share options and assumptions		
Fair value at measurement date [1]	\$0.872 – \$1.011	\$0.506 – \$0.591
Share price	\$4.54	\$3.92
Exercise price	\$4.51	\$3.93
Expected volatility	22.58%	14.88%
Expected option life	4.0 – 5.6 years	4.1 – 5.5 years
Expected dividend yield	1.27%	1.30%
Risk-free interest rate	2.44%	2.28%

[1] Fair value of share options were calculated before Share Split.

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.

12 LOANS AND BORROWINGS

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-current liabilities				
Unsecured bank loans	16,947	20,880	–	–
Current liabilities				
Unsecured bank loans	13,451	11,402	9,518	7,482

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 16.

Notes to the Financial Statements

Year ended 31 December 2016

12 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule

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

	Currency	Nominal interest rate %	Year of maturity	2016 Face value $'000	2016 Carrying amount $'000	2015 Face value $'000	2015 Carrying amount $'000
Group							
Unsecured bank loan	S$	0.75% + SGD SOR	2017 - 2018	21,000	20,880	25,000	24,800
Unsecured bank loan	HK$	1.58	2017	7,744	7,744	–	–
Unsecured bank loan	US$	1.50	2017	1,143	1,143	–	–
Unsecured bank loan	JPY	0.73	2017	631	631	–	–
Unsecured bank loan	HK$	1.21	2016	–	–	7,482	7,482
Total interest-bearing liabilities				30,518	30,398	32,482	32,282
Company							
Unsecured bank loan	HK$	1.58	2016	7,744	7,744	–	–
Unsecured bank loan	US$	1.50	2016	1,143	1,143	–	–
Unsecured bank loan	JPY	0.73	2016	631	631	–	–
Unsecured bank loan	HK$	1.21	2016	–	–	7,482	7,482
Total interest-bearing liabilities				9,518	9,518	7,482	7,482

13 TRADE AND OTHER PAYABLES

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade payables	56,227	29,078	3,089	3,064
Accrued operating expenses	50,143	51,037	8,851	13,102
Amounts due to subsidiaries:				
– trade	–	–	9,117	28,221
– non-trade	–	–	11,957	6,318
Loan due to subsidiary's non-controlling interest	2,053	1,376	–	–
Deferred income	1,545	2,224	–	–
Deposits received	2,058	931	223	–
Other payables	37,099	37,190	3,538	3,232
	149,125	121,836	36,775	53,937
Non-current	4,397	3,385	96	135
Current	144,728	118,451	36,679	53,802
	149,125	121,836	36,775	53,937

Notes to the Financial Statements
Year ended 31 December 2016

13 TRADE AND OTHER PAYABLES (CONT'D)

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

Loan due to subsidiary's non-controlling interest is unsecured, bears interest at 3% per annum and is repayable on demand.

Other payables relate mainly to amount due to related parties of non-controlling interests of newly acquired subsidiaries. These amounts are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 16.

14 OTHER FINANCIAL LIABILITIES

	Group	
	2016	2015
	$'000	$'000
Present value of the exercise price of written put options	8,543	8,790
Non-current	8,377	7,136
Current	166	1,654
	8,543	8,790

The Group has a written call and put options with the non-controlling shareholders of certain subsidiaries. These call options provide the Group the right to require the non-controlling shareholders to sell the shares owned by them, and put options provide the non-controlling shareholders the right to require the Group to acquire shares owned by them.

15 INSURANCE CONTRACT PROVISIONS

Analysis of movements in insurance contract provisions

	Group					
	2016			2015		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January	37,541	(24,737)	12,804	32,829	(21,735)	11,094
Provision made	48,293	(14,951)	33,342	55,413	(25,293)	30,120
Provision used	(55,848)	21,407	(34,441)	(50,701)	22,291	(28,410)
At 31 December	29,986	(18,281)	11,705	37,541	(24,737)	12,804

The Group writes short-term group and individual health insurance contracts. Insurance contract provisions represent the Group's liabilities to the insured under insurance contracts whether reported or not reported as at the balance sheet 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 trends.

Notes to the Financial Statements

Year ended 31 December 2016

15 INSURANCE CONTRACT PROVISIONS (CONT'D)

Analysis of movements in insurance contract provisions (cont'd)

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 policy 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.

16 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from 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 Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit & Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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 & Risk 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 & Risk 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 & Risk Committee.

Notes to the Financial Statements
Year ended 31 December 2016

16 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk

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.

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of their financial assets.

Guarantee

The Group's policy is to provide financial guarantees only for wholly-owned subsidiaries' liabilities. The maximum exposure of the Company in respect of the intra-group financial guarantee at the reporting date is disclosed in note 23.

Trade and other receivables

Risk management policy

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.

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 account receivables 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.

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.

Exposure to credit risk

The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade and other receivables (excluding prepayments)	103,238	75,482	110,169	106,651
Cash and cash equivalents	111,883	86,057	32,619	13,352
	215,121	161,539	142,788	120,003

Notes to the Financial Statements

Year ended 31 December 2016

16 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Impairment

The ageing of trade and other receivables (excluding prepayments) at the reporting date was:

	Gross	Impairment losses	Gross	Impairment losses
	2016	2016	2015	2015
	$'000	$'000	$'000	$'000
Group				
No credit terms	52,304	–	29,335	–
Neither past due nor impaired	24,740	–	25,139	–
Past due 0 – 30 days	12,138	191	10,232	93
Past due 31– 180 days	11,524	1,442	10,414	38
Past due 181 – 365 days	5,551	1,684	3,010	2,517
More than one year	724	426	74	74
	106,981	3,743	78,204	2,722
Company				
No credit terms	84,152	2,100	95,424	2,100
Neither past due nor impaired	20,528	–	6,427	–
Past due 0 – 30 days	3,337	–	2,587	–
Past due 31– 180 days	3,514	–	3,507	–
Past due 181 – 365 days	1,359	621	1,259	453
	112,890	2,721	109,204	2,553

The Group and the Company believe that the unimpaired amounts that are past due are still collectible in full, based on historic payment behaviour and extensive analyses of customer credit risk, including underlying customers' credit ratings, when available.

The movement in the allowance for impairment (net of recovery) in respect of trade and other receivables (excluding prepayments) during the year was as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
At 1 January	2,722	2,899	2,553	2,443
Impairment loss recognised	1,028	2,003	428	444
Impairment loss utilised	(7)	(2,180)	(260)	(334)
At 31 December	3,743	2,722	2,721	2,553

Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

Notes to the Financial Statements

Year ended 31 December 2016

16 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $111,883,000 and $32,619,000 respectively at 31 December 2016 (2015: $86,057,000 and $13,352,000 respectively) – these figures represent their maximum credit exposures on these assets. The cash and cash equivalents are held with bank and financial institution counterparties which are rated BB- to AA-, based on rating agency Standard & Poor's ratings.

Liquidity risk

Risk management policy

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.

The Group has adequate undrawn unsecured credit facilities to meet its future operating activities and to finance and support the Group's contractual commitments.

The Group has contractual commitments to complete the development of the Raffles Hospital Extension and Raffles Medical Shanghai Hospital Project (see note 23).

Exposure to liquidity risk

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

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 and 5 years $'000
Group				
31 December 2016				
Non-derivative financial liabilities				
Unsecured bank loans	30,398	(31,035)	(13,814)	(17,221)
Trade and other payables*	147,580	(147,580)	(143,183)	(4,397)
	177,978	(178,615)	(156,997)	(21,618)
31 December 2015				
Non-derivative financial liabilities				
Unsecured bank loans	32,282	(33,747)	(12,012)	(21,735)
Trade and other payables*	119,612	(119,612)	(116,227)	(3,385)
	151,894	(153,359)	(128,239)	(25,120)

* Excludes deferred income

Notes to the Financial Statements

Year ended 31 December 2016

16 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

Exposure to liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 and 5 years $'000
Company				
31 December 2016				
Non-derivative financial liabilities				
Unsecured bank loans	9,518	(9,531)	(9,531)	–
Trade and other payables*	36,775	(36,775)	(36,679)	(96)
	46,293	(46,306)	(46,210)	(96)
31 December 2015				
Non-derivative financial liabilities				
Unsecured bank loans	7,482	(7,490)	(7,490)	–
Trade and other payables*	53,937	(53,937)	(53,802)	(135)
	61,419	(61,427)	(61,292)	(135)

* Excludes deferred income

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.

Currency risk

Risk management policy

The Group is exposed to currency risk on borrowings and inter-company balances, that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily denominated are the Euro (EUR), Hong Kong Dollar (HKD), US Dollar (USD), Japanese Yen (JPY) and Singapore Dollar (SGD).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level.

The Group's investment in its Hong Kong subsidiary is hedged by a HKD-denominated unsecured bank loans (carrying amount $7,744,000 (2015: $7,482,000)), which mitigates the currency risk arising from the subsidiary's net assets. The fair value of the borrowing at 31 December 2016 was $7,744,000 (2015: $7,482,000). The loan is designated as a net investment hedge. No ineffectiveness was recognised from the net investment hedge. The Group's investments in other subsidiaries are not hedged.

Notes to the Financial Statements

Year ended 31 December 2016

16 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk (excluding the HKD-denominated unsecured bank loan that is designated as a hedge of the Group's net investment in its Hong Kong subsidiary) as reported to the management of the Group is as follows:

	EUR $'000	HKD $'000	USD $'000	JPY $'000	SGD $'000
Group					
2016					
Trade and other receivables	124	–	23,101	–	49
Trade and other payables	(285)	–	(14,499)	–	(54)
Amount owing (to)/from subsidiaries (net)	–	–	(8,168)	2,112	(1,086)
Loans and borrowings	–	–	(1,143)	(631)	–
	(161)	–	(709)	1,481	(1,091)
2015					
Trade and other receivables	97	–	–	–	–
Trade and other payables	–	–	(840)	–	(15)
Amount owing (to)/from subsidiaries (net)	–	(623)	(8,455)	1,409	–
	97	(623)	(9,295)	1,409	(15)

	HKD $'000	USD $'000	JPY $'000
Company			
2016			
Amount owing (to)/from subsidiaries (net)	–	1,730	631
Loan and borrowings	(7,744)	(1,143)	(631)
	(7,744)	587	–
2015			
Amount owing (to)/from subsidiaries (net)	–	–	–
Loan and borrowings	(7,482)	–	–
	(7,482)	–	–

Notes to the Financial Statements

Year ended 31 December 2016

16 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities would increase/(decrease) profit or loss by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2016 $'000	2015 $'000
Group		
EUR	(16)	10
HKD	–	(62)
USD	(71)	(930)
JPY	148	141
SGD	(109)	(2)
	(48)	(843)
Company		
HKD	(774)	(748)
USD	59	–
	(715)	(748)

Interest rate risk

Risk management policy

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.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group		Company	
	Nominal amount		Nominal amount	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Fixed rate instruments				
Financial assets	81,138	64,768	29,516	12,222
Financial liabilities	(9,518)	(7,482)	(9,518)	(7,482)
Loan due to subsidiary's non-controlling interest	(2,053)	(1,376)	–	–
	69,567	55,910	19,998	4,740
Variable rate instruments				
Financial liabilities	(20,880)	(24,800)	–	–

Notes to the Financial Statements

Year ended 31 December 2016

16 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	Profit or loss		Profit or loss	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
31 December 2016				
Variable rate instruments	(210)	210	–	–
31 December 2015				
Variable rate instruments	(250)	250	–	–

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 NCI. The Board also monitors the levels of dividends to ordinary shareholders. In addition, the Board and senior management also monitors the Group's capital adequacy and insurance fund solvency levels against regulatory requirements.

To mitigate exposure to large risks underwritten that can impact the financial strength of the Group, it has put in place robust underwriting guidelines and reinsurance arrangements to control its insurance risk exposure. The Group further stress-tests its financial position and capital adequacy under various stress scenarios to assess its financial stability.

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.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements, except for Raffles Health Insurance Pte Ltd which is required to comply with the regulatory capital requirement prescribed under the Singapore Insurance Act. Under the Risk-based Capital Framework regulation set by the Monetary Authority of Singapore (MAS), insurance companies are required to satisfy minimum prescribed capital adequacy ratio (CAR) and fund solvency ratio (FSR).

Notes to the Financial Statements
Year ended 31 December 2016

16 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

Fair values versus carrying amounts

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

		Carrying amount			Fair value			
	Note	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
31 December 2016								
Trade and other receivables#	8	103,238	–	103,238				
Cash and cash equivalents	9	111,883	–	111,883				
		215,121	–	215,121				
Loans and borrowings	12	–	(30,398)	(30,398)	–	(30,518)	–	(30,518)
Trade and other payables*	13	–	(147,580)	(147,580)				
Other financial liabilities	14	–	(8,543)	(8,543)	–	–	(8,543)	(8,543)
		–	(186,521)	(186,521)				
31 December 2015								
Trade and other receivables#	8	75,482	–	75,482				
Cash and cash equivalents	9	86,057	–	86,057				
		161,539	–	161,539				
Loans and borrowings	12	–	(32,282)	(32,282)	–	(32,482)	–	(32,482)
Trade and other payables*	13	–	(119,612)	(119,612)				
Other financial liabilities	14	–	(8,790)	(8,790)	–	–	(8,790)	(8,790)
		–	(160,684)	(160,684)				

Excludes prepayments
* Excludes deferred income

16 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount			Fair value			
	Note	Loans and receivables $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company								
31 December 2016								
Trade and other receivables#	8	110,169	–	110,169				
Cash and cash equivalents	9	32,619	–	32,619				
		142,788	–	142,788				
Loans and borrowings	12	–	(9,518)	(9,518)	–	(9,518)	–	(9,518)
Trade and other payables*	13	–	(36,775)	(36,775)				
		–	(46,293)	(46,293)				
31 December 2015								
Trade and other receivables#	8	106,651	–	106,651				
Cash and cash equivalents	9	13,352	–	13,352				
		120,003	–	120,003				
Loans and borrowings	12	–	(7,482)	(7,482)	–	(7,482)	–	(7,482)
Trade and other payables*	13	–	(53,937)	(53,937)				
		–	(61,419)	(61,419)				

Excludes prepayments
* Excludes deferred income

Notes to the Financial Statements

Year ended 31 December 2016

17 PROFIT FOR THE YEAR

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

	Group	
	2016	2015
	$'000	$'000
Allowance for doubtful receivables	1,028	2,003
Changes in fair value in investment properties	(1,530)	(1,494)
Contributions to defined contribution plans	13,363	9,689
Gain on disposal of property, plant and equipment	–	(37)
Loss on disposal of property, plant and equipment	–	6
Write-off for stock obsolescence	175	205
Interest expense		
– bank loans	147	95
– finance lease	7	–
Interest income	(1,138)	(1,098)
Audit fees paid to:		
– auditors of the Company	176	133
– other auditors	101	71
Non-audit fees paid to:		
– auditors of the Company	25	173
– other auditors	23	6
Property, plant and equipment written-off	154	28
Foreign exchange loss	566	–
Value of employee services received for issue of share options, included in staff costs	2,656	2,205

18 TAX EXPENSE

	Group	
	2016	2015
	$'000	$'000
Tax recognised in profit or loss		
Current tax expense		
Current year	14,289	12,223
Adjustment for prior years	48	(52)
	14,337	12,171
Deferred tax expense		
Movements in temporary differences	583	376
Adjustment for prior years	64	29
	647	405
Tax expense	14,984	12,576

Notes to the Financial Statements
Year ended 31 December 2016

18 TAX EXPENSE (CONT'D)

	Group	
	2016	2015
	$'000	$'000
Reconciliation of effective tax rate		
Profit before tax	82,930	81,607
Tax using the Singapore tax rate of 17% (2015: 17%)	14,098	13,873
Effect of tax rates in foreign jurisdiction	202	161
Non-deductible expenses	1,224	831
Tax exempt income	(530)	(515)
Tax incentives	(1,452)	(1,934)
Tax effect of unrecognised tax losses	1,401	26
Utilisation of tax losses	(270)	–
Under/(over) provided in prior years	112	(23)
Others	199	157
	14,984	12,576

19 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2016 was based on the profit attributable to ordinary shareholders of $70,210,000 (2015: $69,291,000), and a weighted-average number of ordinary shares outstanding of 1,737,798,111 (2015: 1,710,566,766), calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2016	2015
	$'000	$'000
Profit attributable to ordinary shareholders	70,210	69,291

Notes to the Financial Statements

Year ended 31 December 2016

19 EARNINGS PER SHARE (CONT'D)

Basic earnings per share (cont'd)

Weighted-average number of ordinary shares

	Group	
	2016 No. of shares '000	2015 No. of shares '000
Issued ordinary shares at beginning of the year [(1)]	1,725,101	1,692,483
Effect of scrip dividend shares issued	7,347	8,865
Effect of share options exercised	5,350	9,219
Weighted average number of ordinary shares during the year [(1)]	1,737,798	1,710,567

[(1)] For comparative purposes, the number of ordinary shares for 2016 and 2015 have been adjusted for Share Split (Note 10).

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2016 was based on profit attributable to ordinary shareholders of $70,210,000 (2015: $69,291,000), and a weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 1,753,819,285 (2015: 1,727,939,541), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

	Group	
	2016 $'000	2015 $'000
Profit attributable to ordinary shareholders	70,210	69,291

Weighted-average number of ordinary shares

	Group	
	2016 No. of shares '000	2015 No. of shares '000
Weighted average number of ordinary share (basic)	1,737,798	1,710,567
Potential ordinary shares issuable under share options	16,021	17,373
Weighted average number of ordinary shares (diluted) during the year	1,753,819	1,727,940

At 31 December 2016, 10,437,000 options (2015: 14,634,000) were excluded from the diluted weighted-average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

Notes to the Financial Statements

Year ended 31 December 2016

20 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 Executive 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 Executive 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 current tax and deferred 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
Year ended 31 December 2016

20 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Healthcare services		Hospital services		Investment holdings		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue and expenses								
Revenue	209,909	160,504	285,318	268,385	17,688	12,782	512,915	441,671
Inter-segment revenue	3,037	2,473	21,537	16,785	14,733	11,878	39,307	31,136
Finance expenses	(154)	(95)	–	–	–	–	(154)	(95)
Depreciation of property, plant and equipment	(4,522)	(3,298)	(5,702)	(5,441)	(202)	(196)	(10,426)	(8,935)
Reportable segment profit before tax	14,455	13,044	61,422	63,209	11,118	9,176	86,995	85,429
Reportable segment assets	714,005	630,895	141,131	134,588	591,293	559,859	1,446,429	1,325,342
Capital expenditure	9,990	26,644	3,702	7,925	34,678	123,805	48,370	158,374
Reportable segment liabilities	150,004	144,868	64,662	54,055	467,701	440,903	682,367	639,826

Notes to the Financial Statements

Year ended 31 December 2016

20 OPERATING SEGMENTS (CONT'D)

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

	2016 $'000	2015 $'000
Revenues		
Total revenue for reportable segments	512,915	441,671
Elimination of inter-segment revenue	(39,307)	(31,136)
Consolidated revenue	473,608	410,535
Profit or loss		
Total profit for reportable segments	86,995	85,429
Adjustment for depreciation of property, plant and equipment	(4,065)	(3,822)
Consolidated profit before tax	82,930	81,607
Assets		
Total assets for reportable segments	1,446,429	1,325,342
Elimination of inter-segment assets	(546,235)	(511,202)
Unallocated amounts-current tax and deferred tax assets	437	790
Consolidated total assets	900,631	814,930
Liabilities		
Total liabilities for reportable segments	682,367	639,826
Elimination of inter-segment liabilities	(482,596)	(464,113)
Unallocated amounts-current tax and deferred tax liabilities	19,016	17,190
Consolidated total liabilities	218,787	192,903

Other material items

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
2016			
Depreciation of property, plant and equipment	10,426	4,065	14,491
2015			
Depreciation of property, plant and equipment	8,935	3,822	12,757

The Group's properties at Raffles Holland V and North Bridge Road are owned by its subsidiaries and classified as investment properties in the subsidiaries' 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, a portion of these properties are reclassified from investment properties to property, plant and equipment as these properties are used in the supply of medical services by the Group. Accordingly, the carrying values of these properties are depreciated over their useful lives in the consolidated financial statements of the Group.

The amount of $4,065,000 (2015: $3,822,000) relates to the depreciation of these properties for the year ended 31 December 2016.

Notes to the Financial Statements
Year ended 31 December 2016

20 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.

21 ACQUISITION OF SUBSIDIARIES

The acquisitions of subsidiaries in the previous financial year were as follow:

(i) Acquisition of International SOS (MC Holdings) Pte Ltd

On 16 October 2015, the Group's subsidiary, Raffles Surgicentre Pte Ltd, acquired 55% equity interest in International SOS (MC Holdings) Pte Ltd (MCH) for a cash consideration of $32,661,000.

This joint venture with International SOS is to enhance and expand the services of ten clinics operating under MCH in China, Vietnam and Cambodia. With this joint venture, the Group will become a regional healthcare provider with clinical facilities serving patients in thirteen cities across Asia.

From 17 October 2015 to 31 December 2015, MCH contributed revenue of $9.3 million to the Group's results. Had the acquisition occurred on 1 January 2015, management estimates that consolidated revenue would have increased by $45 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same had the acquisition occurred on 1 January 2015. The contribution of the profits from the date of acquisition and had the acquisition occurred on 1 January 2015 is not material to the Group.

The Group has granted the non-controlling shareholders a call and put option over the remaining 45% interest in MCH (see note 14).

(ii) Acquisition of Zui Wa Kai Medical Corporation

On 4 September 2015, the Group's subsidiary, RSM Ltd, acquired 100% interest in Zui Wa Kai Medical Corporation (ZWK) for a cash consideration of $132,000.

The Group sees this as an opportunity to extend the Raffles brand of care to the Japanese market. Japan is an advanced healthcare economy and the Group is excited at the prospects of starting operations there.

The contribution from ZWK to the consolidation revenue and profit for the year is not material.

Notes to the Financial Statements

Year ended 31 December 2016

21 ACQUISITION OF SUBSIDIARIES (CONT'D)

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

	MCH $'000	ZWK $'000	Total $'000
Cash paid	32,661	132	32,793
Total consideration transferred	32,661	132	32,793

Acquisition-related costs

The Group incurred acquisition-related costs of $355,000 on legal fees and due diligence cost. These costs have been included in "other operating expenses".

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	MCH $'000	ZWK $'000	Total $'000
Property, plant and equipment	3,216	–	3,216
Intangible assets	5,075	–	5,075
Inventories	825	–	825
Trade and other receivables	31,642	–	31,642
Cash and cash equivalents	2,948	59	3,007
Deferred tax assets	793	–	793
Trade and other payables	(32,694)	–	(32,694)
Deferred tax liabilities	(1,289)	–	(1,289)
Total identifiable net assets	10,516	59	10,575

Net cash arising from acquisition of subsidiaries

	MCH $'000	ZWK $'000	Total $'000
Purchase consideration settled in cash	32,661	132	32,793
Cash and cash equivalent acquired	(2,948)	(59)	(3,007)
Net cash outflow	29,713	73	29,786

Notes to the Financial Statements

Year ended 31 December 2016

21 ACQUISITION OF SUBSIDIARIES (CONT'D)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets – customer relationship	*Multi-period excess earnings method:* The multi-period excess earnings method consider the present value of net cash flows related to contributory assets.

Fair values measured on a provisional basis

As at 31 December 2015, the fair value of MCH's intangible assets (customer relationships) has been determined provisionally pending completion of the finalised purchase price allocation exercise.

If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

As at 31 December 2016, the finalised purchase price allocation exercise was completed and there was no adjustments to the fair values.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	MCH $'000	ZWK $'000	Total $'000
Total consideration transferred	32,661	132	32,793
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	4,732	–	4,732
Fair value of identifiable net assets	(10,516)	(59)	(10,575)
Goodwill	26,877	73	26,950

The goodwill is attributable mainly to overseas market access and synergies expected to be achieved from integrating the acquired companies into the Group's healthcare business. None of the goodwill recognised is expected to be deductible for tax purposes.

Notes to the Financial Statements
Year ended 31 December 2016

22 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Within 1 year	11,360	13,218	6,666	7,440
Between 1 and 5 years	14,290	18,272	6,838	8,780
More than 5 years	1,404	1,134	–	–
	27,054	32,624	13,504	16,220

The leases typically run for an initial period of 3 to 10 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.

Leases as lessor

The Group leases out its investment properties. The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2016	2015
	$'000	$'000
Within 1 year	6,108	1,410
Between 1 and 5 years	14,104	758
More than 5 years	481	–
	20,693	2,168

During the year, $4,305,000 (2015: $2,310,000) was recognised as rental income pertaining to investment properties held by the Group. Direct expenses in relation to this rental income were as follows:

	Group	
	2016	2015
	$'000	$'000
Income-generating property	840	161

Notes to the Financial Statements

Year ended 31 December 2016

23 COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2016, commitments contracted but not provided for by the Group in the financial statements amounted to $100,195,000 (2015: $115,447,000). This relates to properties development expenditure for Raffles Hospital Extension, Raffles Medical Shanghai Hospital Project, the development of a new clinic management system and information system.

The maximum exposure of the Company in respect of the intra-group financial guarantee for the facilities drawn down by subsidiary is $21,000,000 (2015: $25,000,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

During the year, the Group pledged to donate $1,000,000 to the National Kidney Foundation (NKF) to set up Raffles NKF Renal Wellness Centre in Raffles Hospital. The Group is also committed to donate $4,000,000 by awarding 40 university scholarships over the next five years.

24 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel compensation

In addition to their salaries, the Group also provides non-cash benefits to directors and executives.

Key management personnel participate in the Employee Share Option Scheme. 2,382,000 (2015: 900,000 prior to share split) 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 11. At the reporting date, 9,177,000 (2015: 2,850,000 prior to share split) of the share options granted to the directors of the Company were outstanding.

Key management personnel compensation comprised:

	Group	
	2016	2015
	$'000	$'000
Short-term employee benefits	13,374	12,555
Directors' fees	446	401
Share-based benefits	475	415
	14,295	13,371

25 SUBSIDIARIES

	Company	
	2016	2015
	$'000	$'000
Investments in subsidiaries	43,096	41,655
Amounts due from subsidiaries	408,335	377,310
	451,431	418,965

Amounts due from subsidiaries form part of the Company's net investment in subsidiaries. The amounts due from subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the entities, it is stated at cost, less accumulated impairment loss.

Notes to the Financial Statements

Year ended 31 December 2016

25 SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2016 %	Effective equity interest held by the Group 2015 %
[1] Raffles Hospital Pte Ltd	Provision of general and specialised medical services and operation of a hospital	Singapore	100	100
[1] Raffles Diagnostica Pte Ltd	Operation of medical laboratory and imaging centre	Singapore	100	100
[1] Raffles Medical Properties Pte Ltd and its subsidiaries:	Property owner and investment holding	Singapore	100	100
[1] Raffles Hospital Properties Pte Ltd	Property owner	Singapore	100	100
MP Clementi Pte Ltd	Investment holding	Singapore	100[1]	100[2]
[1] Raffles Research Labs Pte Ltd	Research & experimental development on Biotechnology, Life & Medical Science	Singapore	100	100
[1] Raffles Chinese Medicine Pte Ltd	Provision of general medical services, acupuncture and acupressure	Singapore	100	100
[1] Raffles Japanese Clinic Pte Ltd and its subsidiaries:	Operation of medical clinics, provision of medical services and investment holding	Singapore	80	80
[2] RJC Ltd and its subsidiaries:	Investment holding	Japan	80	80
[2] RSM Ltd and its subsidiary:	Provision of medical support and consultancy services	Japan	40.8	40.8
[2] Zui Wa Kai Medical Corporation	Operation of medical clinics and provision of medical services	Japan	–[13]	–[13]
[1] Raffles Health Pte Ltd	Trading in pharmaceutical and nutraceutical products and diagnostic equipment	Singapore	100	100
[1] Aptitude [2003] Pte Ltd	Provision of advisory and consultancy services and developing IT solutions	Singapore	100	100
[1] Raffles Medical International Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100

Notes to the Financial Statements

Year ended 31 December 2016

25 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2016 %	2015 %
[4] Raffles Medical Group (Hong Kong) Limited and its subsidiaries:	Investment holding and provision of medical and dental services	Hong Kong	100	100
[4] Coors Consultants Limited	Provision of consultancy services	Hong Kong	100	100
[4] Medical Properties Co. Limited	Investment holding, provision of medical services and hospital operation	Hong Kong	100	100
[5] Renguang Management Consultancy (Shanghai) Co. Ltd	Management consultancy	China	100	100
[5] Shanghai Rui He Clinic Co. Ltd	Operation of medical clinics and provision of medical services	China	– [13]	– [13]
[1] Raffles Health Insurance Pte Ltd	Provision of health and related insurance	Singapore	100	100
[2] PT Raffles Medika Indonesia	Provision of hospital and healthcare management and consultancy services	Indonesia	100[3]	100[3]
[1] Raffles SurgiCentre Pte Ltd and its subsidiaries:	Provision of general and specialised medical services, operation of a hospital and investment holding	Singapore	100	100
[6] International SOS (MC Holdings) Pte Ltd and its subsidiaries:	Provision of the usage of trade name, trademark and administration, training, network services and marketing services to related companies, and investment holding	Singapore	55	55
[7] Beijing International (SOS) Clinic	Provides medical services through operation of medical clinics	China	55	55
[7] Nanjing International (SOS) Clinic	Provides medical services through operation of medical clinics	China	55	55
[7] Tianjin International (SOS) Clinic	Provides medical services through operation of medical clinics	China	55	55

Notes to the Financial Statements

Year ended 31 December 2016

25 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2016 %	Effective equity interest held by the Group 2015 %
[8] International SOS Vietnam Co., Ltd.	Provides medical consultation and evacuation services	Vietnam	55	55
[9] AEA International SOS (Cambodia) Ltd	Provides medical services through operation of medical clinics	Cambodia	55	55
International SOS (HK) Limited and its subsidiary:	Provision of medical emergency assistance services, the sale of medical kits and investment holding	Hong Kong	55[4]	55[10]
[11] Shenzhen International SOS Clinic	Provision of clinical services	China	55	55
[1] Raffles Medical China Pte Ltd and its subsidiaries:	Investment holding and provision of medical services and hospital operation	Singapore	100	100
[2] Shenzhen Investments Pte Ltd	Investment holding (dormant)	Singapore	100	100
[1] Shanghai Capital Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[12] Shanghai Qihua Hospital Co. Ltd	Development of hospital	China	70	70
[1] RMG Capital Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[1] Asian Healthcare Capital Management Pte Ltd	Property owner	Singapore	100	100
[2] International Medical Investment Co., Ltd	Investment holding (dormant)	British Virgin Islands	100	100

1 *Audited by KPMG LLP, Singapore*
2 *Not required to be audited*
3 *Shares of this subsidiary are partially held in trust by a director of the subsidiary*
4 *Audited by Lawrence Cheung C.P.A. Company Limited., Hong Kong*
5 *Audited by Shanghai Deking Certified Public Accountants Co., Ltd*
6 *Audited by Ernst & Young LLP, Singapore for the financial year ended 30 June 2016. The Company has changed its financial year to 31 December and has appointed KPMG LLP, Singapore as its auditor in February 2017.*
7 *Audited by Horizon CPA Limited*
8 *Audited by Ernst & Young Vietnam Limited*
9 *Audited by BDO (Cambodia) Limited*
10 *Audited by Ernst & Young, Hong Kong*
11 *Audited by Shenzhen Zhongrui Tai Accounting Firm*
12 *Audited by BDO China Shu Lun Pan Certified Public Accountants LLP*
13 *The Group does not hold any ownership interests in two structured entities, Shanghai Rui He Clinic Co. Ltd and Zui Wa Kai Medical Corporation. However, based on the terms of agreements under which these entities were established, the Group receives substantially all of the returns related to their operations and net assets and has the current ability to direct these entities' activities that most significantly affect these returns. Because the owners' interests in these entities are presented as liabilities of the Group, there are no non-controlling interests for these entities.*

Notes to the Financial Statements

Year ended 31 December 2016

25 SUBSIDIARIES (CONT'D)

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.

Non-controlling interests in subsidiaries

The following subsidiaries have non-controlling interests (NCI) that are material to the Group.

Name	Principal places of business/ Country of incorporation	Ownership interests held by NCI	
		2016	2015
Raffles Japanese Clinic Pte Ltd (RJC)	Singapore	20%	20%
International SOS (MC Holdings) Pte Ltd (MCH)	Singapore	45%	45%
Shanghai Qihua Hospital Co. Ltd (SQH)	China	30%	30%

The following summarised financial information for the above subsidiaries are prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	RJC $'000	MCH $'000	SQH $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2016						
Revenue	17,027	42,334	–			
Profit/(Loss)	2,289	(3,499)	(22)			
OCI	–	(1,173)	(1,907)			
Total comprehensive income	2,289	(4,672)	(1,929)			
Attributable to NCI:						
– Profit/(Loss)	458	(1,575)	(7)	(1,140)	–	(2,264)
– OCI	–	(528)	(572)	14	–	(1,086)
– Total comprehensive income	458	(2,103)	(579)	(1,126)	–	(3,350)
Non-current assets	905	7,034	41,278			
Current assets	13,341	57,447	1,065			
Non-current liabilities	(79)	–	–			
Current liabilities	(3,606)	(59,119)	(970)			
Net assets	10,561	5,362	41,373			
Net assets attributable to NCI	2,112	2,413	12,412	(1,422)	(59)	15,456
Cash flows from/(used in) operating activities	2,832	3,556	(45)			
Cash flows used in investing activities	(675)	(230)	(305)			
Cash flows used in financing activities	(580)	–	–			
Net increase/(decrease) in cash and cash equivalents	1,577	3,326	(350)			

Notes to the Financial Statements
Year ended 31 December 2016

25 SUBSIDIARIES (CONT'D)

	RJC $'000	MCH $'000	SQH $'000	Other individually immaterial subsidiaries $'000	Intra-group elimination $'000	Total $'000
2015						
Revenue	15,588	9,380	–			
Profit/(Loss)	1,915	(479)	(74)			
OCI	–	(64)	(987)			
Total comprehensive income	1,915	(543)	(1,061)			
Attributable to NCI:						
– Profit/(Loss)	383	(216)	(22)	(405)	–	(260)
– OCI	–	(29)	(296)	(11)	–	(336)
– Total comprehensive income	383	(245)	(318)	(416)	–	(596)
Non-current assets	2,463	8,530	41,821			
Current assets	10,015	33,537	1,481			
Non-current liabilities	(108)	(1,284)	–			
Current liabilities	(3,519)	(30,811)	–			
Net assets	8,851	9,972	43,302			
Net assets attributable to NCI	1,770	4,487	12,991	(286)	(40)	18,922
Cash flows from/(used in) operating activities	806	749	(1,061)			
Cash flows used in investing activities	(214)	(44)	(41,821)			
Cash flows (used in)/from financing activities	(500)	–	44,363			
Net increase in cash and cash equivalents	92	705	1,481			

26 DIVIDENDS

After the respective reporting dates, the directors proposed a one-tier tax exempt final dividend of 1.5 cents (2015: 1.5 cents after Share Split) per share amounting approximately to $26,222,000 (2015: $25,877,000), which is based on the number of shares outstanding as at the end of the financial year. The dividends have not been provided for and there are no income tax consequences.

Shareholdings Statistics

As at 13 March 2017

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 13 March 2017, approximately 48.1% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	196	1.73	9,311	0.00
100 – 1,000	922	8.14	559,475	0.03
1,001 – 10,000	6,457	56.97	33,717,465	1.93
10,001 – 1,000,000	3,722	32.84	170,382,978	9.74
1,000,001 and above	36	0.32	1,544,838,089	88.30
	11,333	100.00	1,749,507,318	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	641,078,747	36.64
2	Loo Choon Yong	173,586,386	9.92
3	Citibank Nominees Singapore Pte Ltd	154,481,465	8.83
4	DBSN Services Pte Ltd	82,368,959	4.71
5	DBS Nominees Pte Ltd	79,501,993	4.54
6	Raffles Nominees (Pte) Ltd	73,943,981	4.23
7	BNP Paribas Securities Services	65,378,927	3.74
8	S & D Holdings Pte Ltd	56,724,882	3.24
9	HSBC (Singapore) Nominees Pte Ltd	42,096,213	2.41
10	Lee Pineapple Company Pte Ltd	37,375,000	2.14
11	United Overseas Bank Nominees Pte Ltd	30,242,304	1.73
12	UOB Nominees (2006) Pte Ltd	25,108,905	1.44
13	Tan Tiang Lee	13,531,070	0.77
14	Asian Medical Foundation Ltd	13,375,084	0.76
15	Yii Hee Seng	8,625,155	0.49
16	OCBC Nominees Singapore Pte Ltd	5,499,655	0.31
17	Tan Soo Nan	4,296,000	0.25
18	Phillip Securities Pte Ltd	3,920,559	0.22
19	Wee Beng Geok	3,219,000	0.18
20	Maybank Kim Eng Securities Pte. Ltd.	3,098,460	0.18
		1,517,452,745	86.74

The Company does not have any treasury shares.

Shareholdings Statistics

As at 13 March 2017

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%	Total Interest	%
Dr Loo Choon Yong[1]	173,713,698	9.93	724,473,106	41.41	898,186,804	51.34
Raffles Medical Holdings Pte Ltd	666,187,652	38.08	–	–	666,187,652	38.08

Note:

1 *Dr Loo Choon Yong is deemed to be interested in an aggregate of 724,473,106 shares held through Raffles Medical Holdings Pte Ltd in which he is a director and shareholder of, S & D Holdings Pte Ltd in which he is a director and shareholder of, and his spouse, Mdm Leong Lai Chee.*

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting (AGM) of Raffles Medical Group Ltd (the Company) will be held at **Rooms 300-302, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593,** on **Wednesday, 19 April 2017** 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' Statement, Audited Financial Statements for the year ended 31 December 2016 and the Auditors' Report thereon. **[Resolution 1]**

2. To declare a one-tier tax exempt final dividend of 1.5 Singapore cents per share for the year ended 31 December 2016 (2015: 1.5 Singapore cents per share). **[Resolution 2]**

3. To approve Directors' Fees ($377,000) for the year ended 31 December 2016 (2015: $339,200). **[Resolution 3]**

4. To re-elect Dr Loo Choon Yong, who is retiring by rotation in accordance with Article 93 of the Company's Constitution, and who, being eligible, will offer himself for re-election. **[Resolution 4]**

5. To re-elect Mr Koh Poh Tiong, who is retiring by rotation in accordance with Article 93 of the Company's Constitution, and who, being eligible, will offer himself for re-election. **[Resolution 5]**

6. To re-elect Mr Kee Teck Koon, who is retiring by rotation in accordance with Article 93 of the Company's Constitution, and who, being eligible, will offer himself for re-election. **[Resolution 6]**

7. To re-elect Mr Raymond Lim Siang Keat, who is retiring by rotation in accordance with Article 93 of the Company's Constitution, and who, being eligible, will offer himself for re-election. **[Resolution 7]**

8. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 8]**

AS SPECIAL BUSINESS

9. Authority to Allot and Issue Shares

That pursuant to section 161 of the Singapore 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

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 Company's Constitution 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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier. **[Resolution 9]**

10. Authority to Allot and Issue Shares Under the Raffles Medical Group Share Option Scheme
That pursuant to section 161 of the Singapore 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 Singapore 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 fully paid 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 purchase of Shares (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 (Other Exchange), through one or more duly licensed stock brokers appointed by the Company for the purpose; and / or

(ii) An off-market purchase of Shares (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);

Notice of Annual General Meeting

(b) Unless varied or revoked by Shareholders in a 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 AGM of the Company is held; or

(ii) The date by which the next AGM 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 a 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 Manual of the SGX-ST, for any corporate action that occurs after the relevant five-market 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 five per cent (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 ten per cent (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 an On-Market Share Buy Back of a Share, more than five per cent (5%) of the Average Closing Price (as defined above) of the Share;

(ii) And in the case of an Off-Market Equal Access Share Buy Back of a Share, more than five per cent (5%) of the Average Closing Price of the Share; 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 Pursuant to the Raffles Medical Group Ltd 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 / Mary Khoo
Company Secretaries

Singapore, 3 April 2017

Notice of Annual General Meeting

Explanatory Notes:

On 11 May 2016, the Company completed a proposed share split of every one (1) existing share held by shareholders into three (3) shares in the capital of the Company (Share Split). For the purpose of Ordinary Resolution 2 above, the 2015 dividend has been adjusted to take into account the Share Split.

Ordinary Resolution 3 above, if passed, is to seek approval for the payment of up to $377,000 to all Directors as Directors' Fees for the year ended 31 December 2016.

In relation to Ordinary Resolution 4 above, Dr Loo Choon Yong is the Executive Chairman of the Company. He is considered a Non-Independent Director.

In relation to Ordinary Resolution 5 above, Mr Koh Poh Tiong is considered an Independent Director and will, upon re-election, continue to serve as the Lead Independent Director and as a member of the Audit & Risk Committee as well as the Nomination & Compensation Committee.

In relation to Ordinary Resolution 6 above, Mr Kee Teck Koon is considered an Independent Director and will, upon re-election, remain as the Chairman of the Audit & Risk Committee.

In relation to Ordinary Resolution 7 above, Mr Raymond Lim Siang Keat is considered an Independent Director and will, upon re-election, continue to serve as a member of the Audit & Risk Committee.

Ordinary Resolution 9 above, if passed, will authorise the Directors of the Company from the date of the above Meeting until the date of the next AGM 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 authorise 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 the 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 authorise the Directors of the Company to issue ordinary shares pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme to members who have elected to receive scrip in lieu of cash in respect of any dividend to which the said Scrip Dividend Scheme is applied.

Notes:

1. (a) *A member, who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the Meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy in the form of proxy.*

   (b) *A member, who is a relevant intermediary, is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. Relevant intermediary has the meaning ascribed to it in section 181 of the Singapore Companies Act, Chapter 50 which means:*
   - (i) *A banking corporation licensed under the Banking Act, Chapter 19, or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;*
   - (ii) *A capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or*
   - (iii) *The Central Provident Fund (CPF) Board established by the CPF Act, Chapter 36, in respect of shares purchased on behalf of CPF investors.*

2. *A proxy need not be a member of the Company.*

3. *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.*

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

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

RafflesMedicalGroup
Company Registration No. 198901967K
(Incorporated in Singapore)

IMPORTANT
(a) Relevant intermediaries as defined in section 181 of the Singapore Companies Act, Chapter 50, may appoint more than two proxies to attend, speak and vote at the AGM.
(b) CPF / SRS investors who have used their CPF monies to buy Raffles Medical Group Ltd shares should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
(c) Please read the notes to the Proxy Form.

Personal Data Privacy
By submitting an instrument appointing proxy(ies) and / or representative(s), the member, the proxy(ies) and the representative(s) accept and agree to the personal data privacy terms set out in the Notice of the Annual General Meeting dated 3 April 2017.

ANNUAL GENERAL MEETING PROXY FORM

I/We ______________________________ (Name) ______________________ (NRIC/Passport/Co Reg No.) of ____ (Address)

being a member / members of Raffles Medical Group Ltd (the Company) hereby appoint:

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

And / or (delete as appropriate)

as my / our proxy / proxies to attend, speak and vote for me / us on my / our behalf, at the Annual General Meeting (AGM) of the Company to be held at **Rooms 300-302, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593,** on **Wednesday, 19 April 2017** at **11.30 a.m.** and at any adjournment thereof. I / We direct my / our proxy / proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy / proxies may vote or abstain from voting at his / her / their discretion.

No.	RESOLUTIONS	No. of Votes For*	No. of Votes Against*
ORDINARY BUSINESS			
1.	Adoption of the Directors' Statement, Audited Financial Statements for the year ended 31 December 2016 and Auditors' Report thereon		
2.	Approval of Final Dividend of 1.5 Singapore cents per share for the year ended 31 December 2016		
3.	Approval of Directors' Fees		
4.	Re-election of Dr Loo Choon Yong, who is retiring by rotation in accordance with Article 93 of the Company's Constitution		
5.	Re-election of Mr Koh Poh Tiong, who is retiring by rotation in accordance with Article 93 of the Company's Constitution		
6.	Re-election of Mr Kee Teck Koon, who is retiring by rotation in accordance with Article 93 of the Company's Constitution		
7.	Re-election of Mr Raymond Lim Siang Keat, who is retiring by rotation in accordance with Article 93 of the Company's Constitution		
8.	Re-appointment of KPMG LLP as Auditors and to authorise the Directors to fix their remuneration		
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.	The Proposed Renewal of Share Buy Back Mandate		
12.	Authority to Issue Ordinary Shares Pursuant to the Raffles Medical Group Ltd Scrip Dividend Scheme		

* *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.*

Total Number of Shares Held *(Please see Note 1)*

Dated this ________ day of ____________________ 2017

____
Signature of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Fold this flap for sealing

Notes to Proxy Form:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members.
2. (a) A member, who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the meeting. 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.

   (b) A member, who is a relevant intermediary, is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Relevant intermediary has the meaning ascribed to it in section 181 of the Singapore Companies Act, Chapter 50.
3. A proxy need not be a member of the Company.
4. 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 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 the AGM.
5. A corporation which is a member may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with section 179 of the Singapore Companies Act, Chapter 50.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members 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 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited (CDP) to the Company.

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Please

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

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Designed and Produced by **Rockstar Atelier**

THE People *of* Raffles

Company Registration No.
198901967K

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RafflesMedicalGroup

ANNUAL REPORT 2016