RafflesMedicalGroup

Moving Into China

ANNUAL REPORT 2018

A paediatrician from Raffles Children Clinic at Raffles Hospital Chongqing assures her young patient with a fist bump.

CONTENTS

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.

Financial Highlights At a Glance

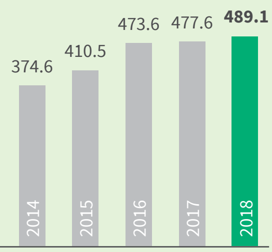
Raffles Medical Group

REVENUE ($ million)

489.1m

▲ 2.4%

Group achieved 2.4% growth in revenue to $489.1m



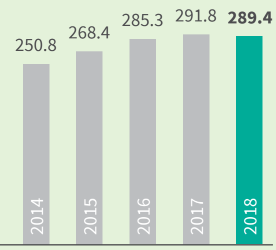
Hospital Services Division

REVENUE ($ million)

289.4m

▼ 0.8%

Revenue from Hospital Services Division decreased by 0.8% to $289.4m

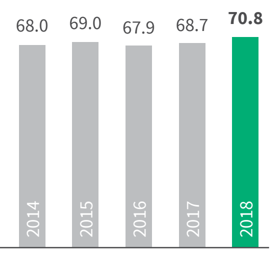


PAT ($ million)

70.8m

▲ 3.1%

Profit after tax (PAT) grew by 3.1% to $70.8m

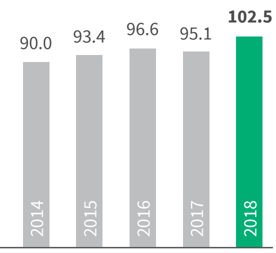


EBITDA ($ million)

102.5m

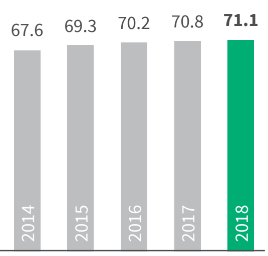
▲ 7.8%

Earnings before interest, taxes, depreciation and amortisation (EBITDA) grew by 7.8% to $102.5m



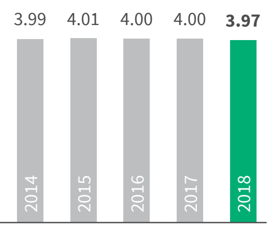
PATMI ($ million)

71.1m



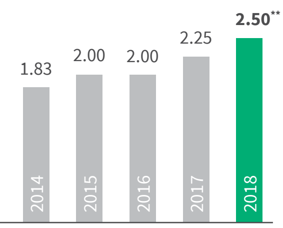
EARNINGS PER SHARE* (cents)

3.97



DIVIDEND PER SHARE* (cents)

2.50



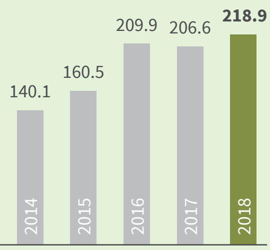
Healthcare Services Division

REVENUE ($ million)

218.9m

▲ 6.0%

Revenue from Healthcare Services Division grew 6% to $218.9m



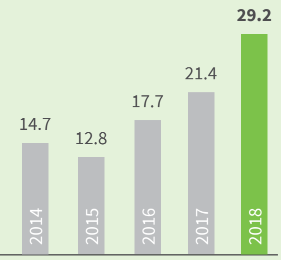
Investment Holdings Division

REVENUE ($ million)

29.2m

▲ 36.4%

Revenue from Investment Holdings Division grew 36.4% to $29.2m



REVENUE CONTRIBUTED BY SEGMENT

54% Hospital Services

41% Healthcare Services

5% Investment Holdings

FINANCIAL SUMMARY	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000
Revenue	374,641	410,535	473,608	477,583	**489,135**
EBITDA	89,973	93,411	96,611	95,078	**102,508**
Operating Profit	80,327	80,604	81,946	80,086	**84,235**
Profit Before Tax	81,281	81,607	82,930	80,818	**84,134**
PATMI	67,639	69,291	70,210	70,779	**71,056**
Profit After Tax	67,962	69,031	67,946	68,661	**70,803**
Diluted Earnings per Share* (cents)	3.99	4.01	4.00	4.00	**3.97**
Net Asset Value per Share* (cents)	31.83	34.96	38.12	41.45	**44.54**
Dividend per Share* (cents)	1.83	2.00	2.00	2.25	**2.50****
Return on Equity (%)	12.6	11.5	10.5	9.6	**8.9**

* Adjusted for share split in May 2016 (3 for 1).

** Final dividend of 2.00 cents is subject to approval by shareholders at Annual General Meeting on 26 April 2019.

2 Hospitals	15 International Medical Centres (2 in Tianjin and 3 in Hong Kong SAR)

14 CITIES
IN FIVE COUNTRIES

2.2 MILLION
PATIENTS

7,000 CORPORATE
CLIENTS

35
DISCIPLINES

Bringing Our Trusted Brand to More People in Asia

From primary care at our network of Raffles Medical clinics to specialist and tertiary care at the Hospitals, we pride ourselves on offering a seamless continuum of care to all our patients.

医者仁心

COMPASSION

Extending Our Reach to Serve with Compassion

We put you at the centre of all that we do by providing care with a personal touch.

Chairman's Message

2018 was another challenging year for Raffles Medical Group. However, we managed to grow our revenue by 2.4% to $489.1 million. The Group reported a net profit after tax of $70.8 million, an increase of 3.1%. The Group's EBITDA increased by 7.8% to $102.5 million. The continued strong operating cash flows generated from the Group's business operations contributed to a healthy cash position of $106.0 million. The Directors are pleased to recommend a final dividend of 2.00 cents per share, in addition to the 0.5 cents per share paid in September 2018. The total dividend will be 2.5 cents per share, an increase of 11.1% compared to the previous year.

OUR EXPANDING FOOTPRINT

The Group is now operating in 14 cities across Asia. Its footprints can be found in eight cities in China – Beijing, Tianjin, Dalian, Shanghai, Chongqing, Nanjing, Shenzhen and Hong Kong SAR.

The newly opened Raffles Hospital Chongqing is a 700-bed tertiary international hospital. It has an international team of specialists, physicians, nurses and allied health professionals from Singapore, Hong Kong, Taiwan, Malaysia, Australia, Canada, Europe and China.

We believe that with Raffles Hospital Chongqing and the network of medical centres, we will be able to serve more Chinese patients as well as expatriates working in these cities.

In particular, we are excited about Raffles Hospital Shanghai that will be opening next year. We are committed to bring the Raffles' brand of quality, peer-reviewed healthcare to China through the two hospitals.

We believe that with Raffles Hospital Chongqing and the network of medical centres, we will be able to serve more Chinese patients as well as expatriates working in these cities.

OUR DEEPENING SERVICES

In Singapore, the Raffles Specialist Centre, which opened in January 2018, has enabled us to add more facilities and to grow our medical centre to serve a greater number of patients. The 22-storey, 220,000 square feet tower is connected to the existing Raffles Hospital and represents a 70% increase in our floor area, enabling us to grow our practices and hospital facilities over the next 10 years. We can better serve patients with integrated shield plans, under all the different shield insurers as well as those under our own Raffles Shield.

The additional space has allowed us to retrofit some parts of Raffles Hospital and increase the bed complement. A purpose-built ward of 63 beds caters to public patients under the Emergency Care Collaboration with the Ministry of Health.

OUR DIGITALISATION JOURNEY

The Group's e-healthcare platform "RafflesConnect" enables an integrated experience for our patients, bringing quality care and value to our patients, allowing for personalised engagement for health and wellness. We can provide quality care and value to our patients without being limited by space and time. By bringing patient care online, we make it more convenient and easy for patients to seek medical help when required.

OUR GREATEST ADVOCATES

We thank our patients and corporate clients for trusting us to care for them, their staff and dependents. Our shareholders' support and faith in the management have been instrumental in allowing us to deliver on our strategy. We record our deep appreciation to the Board of Directors for their guidance, support and contributions. In particular, we welcome Mr Png Cheong Boon to the Board and thank Mr Lim Beng Chee who will be retiring from the Board for all his contributions.

Together as one, we are committed to look after all our patients, the Raffles Medical Way - with Compassion, Commitment, Excellence, Teamwork to deliver Value to them and their families in accordance with our core values – CCETV.

Dr Loo Choon Yong
Executive Chairman

Board of Directors

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. Dr Loo 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. Dr Loo is appointed a Director of the Qatar Free Zone Authority, an independent authority to oversee and regulate world-class free zones in Qatar.

In the area of public service, Dr Loo was appointed by the President of Singapore as the Non-Resident Ambassador to the Italian Republic from 2006 to May 2015. He is currently the Non-Resident Ambassador to Poland. Dr Loo was also appointed the Chairman of JTC Corporation, Singapore's leading industrial infrastructure developer from January 2013. He was previously the Chairman of Sentosa Development Corporation Ltd 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 also served as a member of the Government Economic Review Committee (ERC) from 2001 to 2003 and Chairman of the ERC's Healthcare Services Working Group (HSWG).

In the area of social service, Dr Loo had been active in the fight against drug abuse for more than 20 years. He was the former Chairman of National Council Against Drug Abuse and President of Singapore Anti-Narcotic Association (1996 to 2005).

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

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

Dr Loo was awarded the Best Chief Executive Officer (mid-cap category) of the Singapore Corporate Awards 2010 organised by The Business Times and supported by the Singapore Stock Exchange. He was named Businessman of the Year at the Singapore Business Awards 2013 organised by The Business Times and DHL Express Singapore. Dr Loo was awareded the SG50 Outstanding Chinese Business Pioneers Awards organised by the Singapore Chinese Chamber of Commerce & Industry in February 2015.

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, Non-Executive Chairman and Senior Adviser of Ezra Holdings Limited from 31 December 2012 to 31 January 2016, Director of Great Eastern Life Assurance Co. Ltd from 15 April 2008 to 14 April 2017, Director of United Engineers Ltd from 1 December 2011 to 19 September 2017 and Director of SATS Ltd from 1 November 2011 to 19 July 2018.

Mr Koh also serves as Director in Delfi Limited, Great Eastern Life Assurance (Malaysia), Great Eastern General Insurance (Malaysia) Berhad as well as Chairman of Bukit Sembawang Estates Limited, Times Publishing Limited, Yunnan Yulinquan Liquor Co Ltd and Saigon Beer Alcohol Beverage Corporation. 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.

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. In 2018, Mr Kee was appointed an Executive Director of NTUC Enterprise and a Non-Executive Director of Fullerton Fund Management Company Ltd and FFMC Holdings Pte Ltd. He holds Directorship positions in NTUC Enterprise Co-operative Limited, NTUC Income Insurance Co-operative Limited, Mandai 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.

MR ERIC ANG TEIK LIM

Chairman of the Nomination & Compensation Committee and Independent Director

Mr Eric Ang is currently Senior Executive Adviser 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, NetLink NBN Management Pte Ltd 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 has a Bachelor's degree in Business Administration (Honours) from the University of Singapore.

He joined the Board on 24 April 2015.

DR WEE BENG GEOK

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 Adviser 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. On 26 July 2018, Dr Wee joined the Board of The Theatre Practice Ltd, the longest-standing professional bilingual theatre group in Singapore.

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.

Board of Directors

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 Singapore Millennium Foundation Limited from 2007 to 2018. Professor Lim currently chairs the 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 Adviser to the Bioethics Advisory Committee. Previously, Professor Lim co-chaired 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 (TUM 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.

MR RAYMOND LIM SIANG KEAT

Independent Director

Mr Raymond Lim is currently Executive Chairman of APS Asset Management Pte Ltd and Senior Adviser to John Swire & Sons (Hong Kong) Ltd. He also serves on the Boards of 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.

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 Chairman and Executive Director of China World Trade Center Co Ltd from 18 April 2018. On top of these appointments, he is a Non-Executive Director in WIND Group Pte Ltd. Mr Lim was previously a Non-Executive Director of Changi Airport International Pte Ltd and SCPG Holdings Co Ltd, and 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.

MR PNG CHEONG BOON

Independent Director

Mr Png Cheong Boon is currently the Chief Executive Officer of Enterprise Singapore.

Prior to that, Mr Png was the Second Permanent Secretary at the Ministry of Trade & Industry from June 2017 to May 2018. He also served as the Chief Executive Officer of JTC Corporation from 2013 to 2017 and Chief Executive of SPRING Singapore from 2008 to 2013. He began his career with the Economic Development Board (EDB) in 1993 and held various portfolios in Singapore and the United States before joining SPRING Singapore as its Deputy Chief Executive in 2003.

Mr Png currently serves on the boards of the EDB, Employment and Employability Institute Pte Ltd, Singapore Cooperation Enterprise, Singapore Innovate Pte Ltd and Infrastructure Asia. He had also served on the boards of Surbana Jurong Pte Ltd, Jurong Port Pte Ltd, Ascendas Singbridge Pte Ltd, Singapore-Suzhou Township Development Pte Ltd, China-Singapore Suzhou Industrial Park Development Group Co. Ltd, the Institute for Engineering Leadership at the National University of Singapore and the Institute of Service Excellence at the Singapore Management University.

Mr Png was a recipient of the EDB-GlaxoSmithKline scholarship and holds a Bachelor of Science degree in Electrical Engineering from Cornell University and a Master of Science in Management under the Sloan Fellows Programme at Stanford University.

In 2008, Mr Png was conferred the Public Administration Medal (Silver).

He joined the Board on 15 October 2018.

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, ICE Singapore Holdings Pte Ltd and Engro Corporation Limited. 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 as well as Chairman of the Advisory Board / Executive Committee of The Photographic Society of Singapore, 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 29 years of experience in the banking industry.

He joined the Board on 28 July 2000.

MR OLIVIER LIM TSE GHOW

Non-Independent Director

Mr Olivier Lim is currently Chairman of both Certis CISCO Security Pte. Ltd. and Frasers Property Australia Pty Ltd. He is a director of DBS Group Holdings Ltd, DBS Bank Ltd, Banyan Tree Holdings Limited, and Northlight School. He is also a member of the board of JTC Corporation and the board of trustees of the Singapore Management University (SMU). He serves on the Securities Industry Council.

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

DR SARAH LU QINGHUI

Non-Independent Director

Dr Sarah Lu is currently a General Surgeon with clinical interest in breast surgery, and a Consultant with Tan Tock Seng Hospital. She is the Program Director of National Healthcare Group, General Surgery Residency Programme, an adjunct Assistant Professor with Lee Kong Chian School of Medicine, and a Clinical Lecturer at the Yong Loo Lin – National University of Singapore School of Medicine.

She is passionate about education and is currently pursuing a Masters in Health Professional Education.

Dr Lu graduated from the University of London with a MBBS (Bachelor of Medicine, Bachelor of Surgery) in 2005, obtained her Master of Medicine (Surgery) from the National University of Singapore in 2010, and was admitted as a Fellow of the Royal College of Surgeons (Edinburgh) in 2013.

She joined the Board on 20 February 2018.

Further Information on Directors
as at 31 December 2018

▶ Dr Loo Choon Yong, 69
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 January 2016 to 31 December 2018):
Nil

▶ Mr Koh Poh Tiong, 72
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. Delfi Limited (Non-Executive and Independent Director)
4. Bukit Sembawang Estates Limited (Chairman, Non-Executive and Independent Director)
5. Saigon Beer Alcohol Beverage Corporation (Chairman, Non-Executive and Non-Independent Director)

Other Major Appointments:
1. Singapore Kindness Movement (Chairman)
2. National Kidney Foundation (Chairman)
3. Times Publishing Limited (Chairman)
4. Great Eastern Life Assurance (Malaysia) Berhad (Independent Director)
5. Great Eastern General Insurance (Malaysia) Berhad (Independent Director)
6. Yunnan Yulinquan Liquor Co Ltd (Chairman)

Previous Directorships in Other Listed Companies held over the preceding three years (1 January 2016 to 31 December 2018):
1. Ezra Holdings Limited (Non-Executive Chairman and Senior Adviser)
2. United Engineers Ltd (Non-Executive and Independent Director)
3. SATS Ltd (Non-Executive and Independent Director)

▶ Mr Kee Teck Koon, 62
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 (Executive Director)
3. NTUC Income Insurance Co-operative Limited (Non-Executive Deputy Chairman)
4. Mandai Park Holdings Pte Ltd (fka. Mandai Safari Park Holdings Pte Ltd) (Non-Executive Director)
5. Lien Foundation (Non-Executive Director)
6. Temasek International Advisors Pte Ltd (Corporate Adviser)
7. Fullerton Fund Management Company Ltd (Non-Executive Director)
8. FFMC Holdings Pte Ltd (Non-Executive Director)

Previous Directorships in Other Listed Companies held over the preceding three years (1 January 2016 to 31 December 2018):
Nil

▶ Mr Eric Ang Teik Lim, 65
Independent Director

Academic and Professional Qualifications:
- Bachelor in Business Administration (Honours), 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)
2. Sembcorp Marine Ltd (Non-Executive and Independent Director)

Other Major Appointments:
1. Changi Airport Group (Singapore) Pte Ltd (Director)
2. Surbana Jurong Private Limited (Director)
3. NetLink NBN Management Pte Ltd (Director)
4. DBS Foundation Ltd (Director)
5. SGX Disciplinary Committee (Co-Chairman)
6. Community Chest (Vice-Chairman)

Previous Directorships in Other Listed Companies held over the preceding three years (1 January 2016 to 31 December 2018):
1. Hwang Capital (Malaysia) Berhad (Non-Executive and Non-Independent Director)

▶ Dr Wee Beng Geok, 70
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 (Member)

Current Directorships in Listed Companies:
1. Raffles Medical Group Ltd (Non-Executive and Independent Director)

Other Major Appointments:
1. The Theatre Practice Ltd (Non-Executive Director)

Previous Directorships in Other Listed Companies held over the preceding three years (1 January 2016 to 31 December 2018):
Nil

▶ Professor Lim Pin, 82
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. Special Needs Trust Company Limited (SNTC) (Chairman)
2. Ang Mo Kio – Thye Hua Kwan Hospital Board of Trustees (Chairman)
3. National University of Singapore (University Professor)
4. National University Hospital (Emeritus Consultant Endocrinologist)
5. Tropical Marine Science Institute (TMSI) Management Board (Chairman)
6. Bioethics Advisory Committee (Emeritus Adviser)
7. NUHS Fund Ltd (Chairman)
8. NUHS Health & Research Endowment Fund Ltd (Chairman)

Previous Directorships in Other Listed Companies held over the preceding three years (1 January 2016 to 31 December 2018):
Nil

▶ Mr Raymond Lim Siang Keat, 59
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. Swire Properties Limited (Non-Executive Director)

Other Major Appointments:
1. APS Asset Management Pte Ltd (Executive Chairman)
2. John Swire & Sons (Hong Kong) Ltd (Senior Adviser)
3. Lee Kuan Yew School of Public Policy, National University of Singapore (Adjunct Professor)
4. Nanyang Centre for Public Administration, Nanyang Technological University, Singapore (Adjunct Professor)

Previous Directorships in Other Listed Companies held over the preceding three years (1 January 2016 to 31 December 2018):
1. Insurance Australia Group Limited (Non-Executive and Independent Director)

▶ Mr Lim Beng Chee, 51
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)
3. China World Trade Center Co Ltd (Chairman and Executive Director)

Other Major Appointments:
1. Wind Group Pte Ltd (Non-Executive Director)
2. SCPG Holdings Co Ltd (Non-Executive Director)

Previous Directorships in Other Listed Companies held over the preceding three years (1 January 2016 to 31 December 2018):
Nil

▶ Mr Png Cheong Boon, 49
Independent Director

Academic and Professional Qualifications:
- Bachelor of Science degree in Electrical Engineering, Cornell University.
- Master of Science in Management under the Sloan Fellows Programme, Stanford University

Board Committee(s) served on:
Nil

Current Directorships in Listed Companies:
1. Raffles Medical Group Ltd (Non-Executive and Independent Director)

Other Major Appointments:
1. Economic Development Board (Board Member)
2. Employment and Employability Institute Pte Ltd (Director)
3. Enterprise Singapore (Chief Executive Officer and Board Member)
4. Enterprise Singapore Holdings Pte Ltd (Chairman)
5. Growth Enterprise Fund Pte Ltd (Chairman)
6. Singapore Cooperation Enterprise (Deputy Chairman)
7. Singapore Innovate Pte Ltd (Director)
8. Spring Equity Investments Pte Ltd (Chairman)
9. Infrastructure Asia (Chairman)

Previous Directorships in Other Listed Companies held over the preceding three years (1 January 2016 to 31 December 2018):
Nil

▶ Mr Tan Soo Nan, 70
Executive and 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)
3. Engro Corporation Limited (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 (Director)
6. Woh Hup Trust (Director)

Previous Directorships in Other Listed Companies held over the preceding three years (1 January 2016 to 31 December 2018):
1. OSIM International Ltd (Director)

▶ Mr Olivier Lim Tse Ghow, 54
Non-Executive and 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)
3. DBS Group Holdings Ltd (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 and Independent Director)
3. JTC Corporation (Board Member)
4. Singapore Management University Board of Trustees (Member)
5. Securities Industry Council (Member)
6. DBS Bank Ltd (Non-Executive and Independent Director)

Previous Directorships in Other Listed Companies held over the preceding three years (1 January 2016 to 31 December 2018):
Nil

▶ Dr Sarah Lu Qinghui, 37
Non-Executive and Non-Independent Director

Academic and Professional Qualifications:
- MBBS: University of London, 2005
- Master of Medicine (Surgery), National University of Singapore, 2010
- Fellow, Royal College of Surgeon (Edinburgh), 2013

Board Committee(s) served on:
Nil

Current Directorships in Listed Companies:
1. Raffles Medical Group Ltd (Non-Executive and Non-Independent Director)

Other Major Appointments:
Nil

Previous Directorships in Other Listed Companies held over the preceding three years (1 January 2016 to 31 December 2018):
Nil

真诚守信

COMMITMENT

Upholding Our Commitment to Deliver Trusted Care

We uphold your trust by maintaining the highest professional integrity and standards to offer our best care to you.

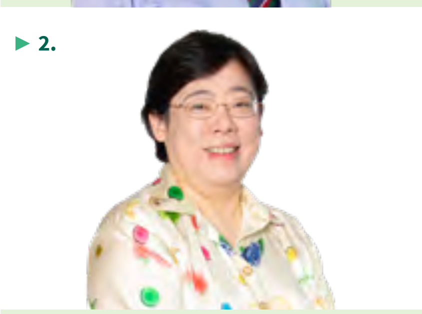
精益求精

EXCELLENCE

Expanding Our Opportunities to Provide Excellence

We continually seek advancement and innovation to achieve better healthcare solutions by listening and understanding your health needs.

Senior Management



1. Dr Loo Choon Yong
Executive Chairman, 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.

2. 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. Previously, she served as the Chief Financial Officer of City Developments Limited and the Vice President (Finance) at Millennium & Copthorne International Limited. Ms Goh also served as a board member on the National Library Board between 2009 to 2015.

Ms Goh started her career with Coopers & Lybrand (now known as PricewaterhouseCoopers) in London and has led an international financial management career with various multi-national companies.

A Chartered Accountant, 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. Ms Goh graduated with a Bachelor of Accountancy from the University of Glasgow where she subsequently obtained a Master of Business Administration.

She has been reappointed to the ACRA (Accounting and Corporate Regulatory Authority) Financial Reporting Technical Advisory Panel and also on the Advisory Council at the Fletcher School of Law & Diplomacy, GMAP (Boston, USA).

3. Ms Jessica Tan Soon Neo
Director, Group Commercial,
Raffles Medical Group

Ms Jessica Tan joined the organisation in June 2017 as Director, Group Commercial. Her role includes leveraging Raffles Medical Group's integrated healthcare system to lead and support the growth strategies for Raffles Medical Group in Singapore and the region, providing quality healthcare to patients and building partnerships with corporate clients and industry partners.

Ms Tan has over 27 years in the IT industry, 13 years with Microsoft and 14 years with IBM. In her tenure with both organisations, she has held leadership roles across diverse areas of the business in the Asia Pacific region and Singapore. She developed and drove growth strategies and business results, deepened customer and partner relationships. Ms Tan also focused on the development and attraction of the best talent for the organisations, and led Microsoft's ongoing corporate citizenship commitments to help advance social and economic progress.

In 2015, Ms Tan was re-elected Member of Parliament for the East Coast Group Representation Constituency in Singapore, having served for two terms since May 2006. She is the Chairman of the East Coast Fengshan Town Council. She is currently a member of the Home Affairs, Law and Manpower Group Parliamentary Committees. In 2016, she was appointed Chairman of the Public Accounts Committee. Ms Tan is active in various communities in Singapore, and serves as board member in a number of Singapore communities, listed companies and educational institutions.

4. 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. She 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 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 Member of the Association of Chartered Certified Accountants (ACCA).

5. 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 management roles in Raffles Medical and thereafter, Raffles Hospital.

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.

6.

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6. Mr Yong Yih Ming
General Manager, Raffles Medical

Mr Yong Yih Ming is the General Manager of Raffles Medical. He is responsible for managing the primary care network of clinics and health screening centres, and developing the Group's corporate sales and marketing businesses in Singapore. He joined the Group in 2007 and has served as Director, Operations and Director, Corporate Services. In 2010, he led a team to commence the Group's first medical centre in Shanghai, China.

Mr Yong has 15 years of experience in private and government healthcare. He previously held management positions in ambulatory operations, operational support services and business development in Alexandra Hospital before joining the Group. He was involved in the development of Khoo Teck Puat Hospital (KTPH) as a member of the KTPH Planning Committee, and chaired the Operational Support Services Workgroup then.

He is currently serving on the Primary Care Network (PCN) Council led by the Agency for Integrated Care (AIC) with the aim of steering the strategic directions and initiatives of the Singapore primary care sector under the Ministry of Health (MOH).

Mr Yong obtained a Master of Business Administration in Healthcare Management from the National University of Singapore in 2013. He has been serving as a District Councillor with the South East Community Development Council since 2011.

7. Ms Christine Cheu
General Manager, Raffles Health Insurance

Ms Christine Cheu is the General Manager of Raffles Health Insurance, a subsidiary of Raffles Medical Group. She is responsible for insurance and third party administration business. Ms Cheu joined the Group in 2017.

Ms Cheu has 25 years of experience in Life & Health and Reinsurance sectors. She has worked with leading reinsurers and insurance companies in Singapore, Switzerland, Hong Kong and Malaysia. Her previous roles included product development, actuarial, operations, business acquisition and development, corporate marketing and branding, covering the Asian and European markets.

Ms Cheu graduated from University of Western Ontario (Canada) with a Bachelor of Science, major in Actuarial Science in 1994. She later obtained a Master of Business Administration from University of Chicago Booth School of Business in 2006 and a Master of Science in Information System Management from Hong Kong University of Science and Technology in 2011.

8. Ms Wu Choy Siong
General Manager,
Raffles Medical International

Ms Wu is the General Manager of Raffles Medical International overseeing the clinic business operations in China, Hong Kong, Vietnam and Cambodia as well as supporting developmental projects in China.

She joined the Group in 2012 as Director of Raffles Medical clinics, managing operations of outpatient clinics island-wide. In 2014, Ms Wu relocated to Hong Kong as the General Manager of Raffles Medical Hong Kong. She returned to Singapore in 2017.

Prior to joining the Group, she was the Chief Operating Officer of Maccine Pte Ltd, a biomedical contract research organisation in Singapore. Ms Wu graduated from the University of Toronto with a Bachelor degree in Chemical Engineering. She also has a Master of Science in Operations Research from Georgia Institute of Technology and a Master of Business Administration from Nanyang Technological University.

9. Mr Teo Kah Ling
Chief Information Officer,
Raffles Medical Group

Mr Teo Kah Ling is the Chief Information Officer of Raffles Medical Group, and has 16 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.

Senior Physician Leaders

Raffles Medical
Dr Alfred Loh
▶ SENIOR CLINICAL DIRECTOR

Raffles Hospital
Prof Walter Tan
▶ MEDICAL DIRECTOR

Raffles Medical
Dr Wilson Wong
▶ MEDICAL DIRECTOR

Raffles Hospital
Dr Yang Ching Yu
▶ MEDICAL DIRECTOR

Raffles Japanese Clinic
Dr Onishi Yoichi
▶ MEDICAL DIRECTOR

Raffles Medical
Dr Chng Shih Kiat
▶ MEDICAL DIRECTOR

Raffles Hospital
Dr Lee Jong Jian
▶ MEDICAL DIRECTOR

Raffles Hospital
Dr Stanley Liew
▶ MEDICAL DIRECTOR

Raffles Japanese Clinic
Dr Motoda Lena
▶ MEDICAL DIRECTOR

Raffles Hospital
Dr Lee I Wuen
▶ DEPUTY MEDICAL DIRECTOR

Raffles Hospital

A/Prof Abdul Razakjr Bin Omar

▶ DEPUTY MEDICAL DIRECTOR

Raffles Medical

Dr Michael Lee

▶ DEPUTY MEDICAL DIRECTOR

Raffles Medical

Dr Wong Wei Mon

▶ DEPUTY MEDICAL DIRECTOR

Raffles Medical

Dr Michael Wong

▶ DEPUTY MEDICAL DIRECTOR

Raffles Medical

Dr Chin Min Kwong

▶ DEPUTY MEDICAL DIRECTOR

Raffles Medical

Dr Hoo Kai Meng

▶ DEPUTY MEDICAL DIRECTOR

Raffles Medical

Dr Salleh Omar

▶ DEPUTY MEDICAL DIRECTOR

Raffles Medical

Dr Nandha Kumar

▶ DEPUTY MEDICAL DIRECTOR

Raffles Medical

Dr Melvyn Wong

▶ DEPUTY MEDICAL DIRECTOR

团队精神

TEAM-BASED CARE

Empowering Our Team to Care as One

We dedicate and combine our skills, knowledge and experience for your benefit; synergising our strengths to improve service experience for you.

创造效益
VALUE

Realising Our Strategy to Offer Value

We seek always to create and deliver value through living out our health promise to you.

Operations Review

Raffles Medical Group celebrated another milestone as it completed the construction of Raffles Hospital in Chongqing.

From left: Dr Loo Choon Yong (RMG Executive Chairman), Mr Chan Chun Sing (Minister of Trade and Industry Singapore), Mr Tang Liangzhi (Mayor of the Chongqing Municipal People's Government) and Mr Duan Chenggang (Member of the Standing Committee of Chongqing Municipal Committee, Secretary of the Party Working Committee of Liangjiang New Area, Director of the Management Committee).

Raffles Medical Group (RMG) celebrated another milestone as it completed the construction of Raffles Hospital in Chongqing. The 700-bed hospital is both RMG and Singapore's first international tertiary hospital in China, and this venture supports the China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity.

In the same year, the Group also launched Raffles Shield, which is a hospital and surgical insurance plan by Raffles Health Insurance that is designed by medical experts, to members of the public.

To gain a more accurate perspective of patients' experience, online surveys were conducted in place of physical feedback forms at Raffles Medical clinics and specialist centres. This initiative will be extended to the inpatient wards in the first quarter of 2019.

In 2018, the Group's revenue was $489.1 million, a 2.4% growth as compared to 2017. A profit after tax of $70.8 million was registered, an increase of 3.1% from $68.7 million in 2017.

RAFFLES HOSPITAL

Expanding to meet Patients' Needs

Raffles Hospital continued to experience good demand for its services despite the strong Singapore Dollar weighing on medical tourism from the region.

Following the opening of Raffles Specialist Centre in January 2018, the Hospital recruited new specialists in endocrinology, orthopaedics, otolaryngology, and radiology to add to the breadth and depth of the hospital's medical capabilities. Raffles Breast Centre and Raffles Vascular Intervention Centre were also created as new one-stop specialist centres offering more in-depth medical expertise. These centres are located within the new Raffles Specialist Centre.

Raffles Hospital had also expanded its licensed beds to more than 300 after opening two new General Ward floors to meet the growing demand for inpatient services. Plans are now underway to refurbish existing facilities in phases in 2019.

To Our Patients, Our Best

Raffles Hospital continued to focus on providing high-quality care, with particular emphasis on clinical governance, expertise and management. In May 2018, the Hospital was successfully re-accredited for three more years by the Joint Commission International (JCI).

Subscribing to the group practice model, our multi-disciplinary team of doctors, nurses and healthcare staff work together to provide patients with trusted and quality care.

Raffles Hospital is the first private hospital in Singapore to be accredited for trauma care.

In July 2018, Raffles Hospital received certification by the Ministry of Health (MOH) to provide Trauma Care, the first private hospital in Singapore to achieve this.

Raffles Hospital had also embarked on the Baby-friendly Hospital Initiative (BFHI) and is now on track to receive accreditation in 2019.

Raffles Specialist Centre achieved the Building and Construction Authority (BCA) Green Mark Platinum (Healthcare) award while Raffles Hospital is undergoing green mark certification process. The certification is expected to be completed by 2019.

At Raffles, we ensure that the needs of our patients are met by making their satisfied patient journey our priority.

RAFFLES MEDICAL

Enhancing Experience through Digitalisation

Since the fourth quarter of 2017, Raffles Medical embarked on a journey of digitalisation and innovation to improve patient experience while accessing healthcare services. Selection of health screening, vaccination and other healthcare services were made available on the e-commerce platform since January 2018.

The beta version of Raffles Connect was rolled out in November 2018 to a selected group of patients and corporate partners to allow for testing and collection of feedback. Patients were able to consult a doctor via the 24/7 tele-consultation service, and have their medication delivered to them directly. This new service allowed patients to access healthcare at their convenience without having to travel to the clinics when feeling unwell. This platform was officially launched in January 2019 where patients can also access their health records, read up on health advisories, receive personalised health tips, and access other health services on one integrated platform.

In the same year, Raffles Medical fully implemented the SMS queue system at all clinics to offer patients a better in-clinic experience. Digital panels were also installed at all clinics to enhance patient engagement experience through health videos and campaigns.

We listen and understand our patients' health concerns to provide them with better healthcare solutions.

Accessible Primary and Community Healthcare

Beyond the Community Health Assist Scheme (CHAS) and Pioneer Generation Package (PG), Raffles Medical is helping patients better manage chronic diseases within the community via the Primary Care Network (PCN) Scheme by MOH and the Agency for Integrated Care (AIC). Through PCN, patients can access various chronic disease management programmes, undergo diabetic foot screening and retinal photography at clinics without going to polyclinics or hospitals, while enjoying subsidised rates. PCN further enhances Raffles Medical's belief in comprehensive family medicine by allowing a patient to visit the same doctor for both his acute and chronic care, and preventive and wellness needs.

As part of MOH's infectious disease surveillance framework efforts, Raffles Medical was appointed to conduct temperature screening for travellers at Changi and Seletar Airports from January 2018.

Operations Review

Clinics at Changi Airport Terminal 4 and Transit 4 were fully operational since early 2018 to increase connectivity among Raffles Medical, local and regional patients.

Integrated corporate healthcare solutions are constantly enhanced to strengthen existing corporate partnerships.

Greater Comfort for Better Health
Clinics at Changi Airport Terminal 4 and Transit 4 were fully operational since early 2018 to increase connectivity among Raffles Medical's local and regional patients. Clinics at Causeway Point and Changi Airport Terminal 3 basement 2 were also expanded to better meet patients' needs. In July 2018, Raffles Medical and Health Check clinics at Raffles Hospital were refurbished and relocated to a larger co-located space.

Providing One-stop Corporate Solutions
Raffles Medical continued to acquire new corporate partners in the financial, transport, food and beverages, services and government sectors in Singapore.

Existing relationships were enhanced with the provision of integrated corporate healthcare solutions.

RAFFLES DENTAL

Enhancing Patient Experience, Increasing Operational Productivity
Raffles Dental focused on increasing its operational productivity with a systematic renewal and update of equipment, and the concurrent initiation of new dental services. Following the JCI re-accreditation, Raffles Dental at the hospital was moved to level 2, and expanded from a 10-chair to 12-chair capacity. A new dental cone-beam computed technology scan was also acquired for better implant and surgical treatment planning. When used in conjunction with the existing CEREC facilities to manufacture surgical stents on-site, patients will experience improved clinical quality and shorter turnaround time for oral surgical procedures. Known for their low risk and high acceptance among children and adults who are averse to dental treatments, a nitrous oxide sedation and computerised local anaesthesia delivery set were acquired to better help patients manage their dental anxiety.

To meet the growing demand for one-stop dental services, Raffles Dental invests in continuous training to ensure its dentists use equipment, techniques and treatment methods that best serve and meet the different needs of its patients.

Raffles Dental ensures equipment and new dental services are regularly initiated to enhance patient experience.

TCM physicians work closely with patients to customise treatment plans that cater to different health conditions.

RAFFLES CHINESE MEDICINE

Reaching a Wider Audience

Raffles Chinese Medicine (RCM) saw an increase in revenue as compared to 2017. The listing of services online, allowed the business to reach a wider group of target audience through innovative social media strategies. There is an increasing number of people seeking natural solutions for pain management and wellness for themselves and their family members. RCM's brand and services are positioned to address these needs. In mid-2018, RCM shifted to a new premise on level 2 of Raffles Hospital that is more spacious with a modern interior design.

RAFFLES HEALTH

Expanding for Future Growth

Raffles Health saw an increase in revenue for 2018 via its e-commerce site. Raffles Health also embarked on a cross border e-commerce project in China through a partnership with Industrial and Commercial Bank of China. This partnership was the first step of expansion into China where Raffles Health is poised for future growth.

RAFFLES HEALTH INSURANCE

Continuous Expansion of Products and Services

Raffles Health Insurance (RHI) expanded its product offerings with the launch of Raffles Shield, a Medisave approved Integrated Shield plan, making it the seventh player to enter the Shield market. Selections such as high deductible option allows Raffles Shield to complement the employee benefits offered by the policyholder's company, minimising the overlap in the health coverage and create premium savings for the policyholder. The Raffles Hospital option gives policyholders access to medical treatments and services at Raffles Hospital at a premium that is lower than the standard private plan in the market.

RHI continued to see positive growth in its core group insurance and global health business. The implementation of Raffles Clinic Management System helped to improve the efficiency of the back end processing. RHI has set up a panel of medical specialists from private and public medical sectors, covering a wide range of specialties to service our policyholders.

Raffles Health partnered ICBC to bring the Raffles brand of health supplements to more people in China.

Raffles Shield provides various options to create premium savings for policyholders.

Operations Review

Laboratory services are available round-the-clock to provide timely medical results.

Training sessions are frequently conducted to equip staff with the latest medical knowledge and skills.

RAFFLES HEALTHCARE INSTITUTE

Broadening Our Training Arm

Raffles Healthcare Institute continued to expand its training offering to meet the business needs of the Group, and took progressive steps to advance internal capabilities through in-house curriculum development. Existing courseware were refined to incorporate blended learning and experiential modes of facilitation, leveraging on e-learning to complement classroom facilitation. The curriculum was also redesigned to enhance personable service to patients and customers by infusing elements of customer centricity with clinical and professional practice.

The Institute also leveraged on the Group's collaboration with Mayo Clinic to facilitate workshops on service leadership and human resource management. Senior advisers from Mayo Clinic's teaching faculty were invited as keynote speakers, who offered fresh insights on best practices in healthcare to complement the Group's people management and service quality initiatives.

With the Group's expansion into China, the Institute broadened its training arm by extending its in-house curriculum to overseas staff. The curriculum was contextualised to meet the local learning needs, and courseware translated to Mandarin to suit the learners' profile. Initial trips to Chongqing were made to deliver onboarding and service training programmes to welcome the new hires, introduce them to RMG's core values and culture, and propagate the service standards of the Group. These customised overseas trainings served as Train-The-Trainer workshops, empowering the regional training division to sustain future runs for its overseas staff.

The investment in local and regional training exemplified the enduring commitment of the Institute to grow and develop RMG's staff, with the goal of improving the quality of healthcare for patients and customers.

The Raffles Hospital Chongqing, which is also Singapore's first international tertiary hospital in China, opened its doors on 2 January 2019.

RAFFLES MEDICAL INTERNATIONAL

Integrating Care for Patients
With the opening of Raffles Hospital in Chongqing, Raffles Medical clinics in other cities in China will tap into the Hospital's clinical expertise to bring integrated care to its patients across China.

Raffles Medical's Hong Kong operations expanded with the addition of a new company clinic at a major Chinese bank in Hong Kong. With this new addition, Raffles Medical now manages seven such company clinics, establishing itself as one of the key corporate healthcare players in Hong Kong.

In IndoChina, Raffles Medical has strengthened its operations and service levels with the recruitment of additional foreign doctors, and investments in new medical equipment. It will continue to work closely with Raffles Hospital in Singapore to bring integrated care to patients in Vietnam and Cambodia.

RAFFLES HOSPITAL IN CHONGQING

Going Beyond Local
Completed in December 2018, the Raffles Hospital Chongqing, which is also Singapore's first international tertiary hospital in China, opened its doors on 2 January 2019.

The hospital will offer a full complement of specialist services. Gastrointestinal surgery, obstetrics & gynaecology, paediatrics, cardiovascular surgery, neuroscience and oncology will serve as its centres of excellence.

Selected management staff from Raffles Hospital in Singapore are seconded to Raffles Hospital in Chongqing to ensure that the Hospital draws on established expertise, systems and service standards. Some of the locally hired senior staff and doctors were sent to Singapore for attachment to ensure that they were familiar with Raffles Hospital's system and service model.

Raffles Medical Beijing offers a comprehensive suite of services including family medicine, specialist care, dental, health screening, physiotherapy and travel medicine.

The Raffles Children Clinic at Raffles Hospital Chongqing offers a range of services to cater to the needs of younger patients.

Sustainability Statement

The Board of Raffles Medical Group (RMG or Group) affirms that it provides strategic direction to the Group and specifically considers sustainability issues as part of its strategic formulation.

The Board also acknowledges its responsibility for the Group's sustainability reporting and believes that the following report provides a reasonable and transparent presentation of the Group's strategy and environmental, social and governance (ESG) performance.

The Group's Sustainability Report 2018 will be made available in May 2019.

Corporate Social Responsibility

CHARITY

RMG strives to be a good corporate citizen and has developed various Corporate Social Responsibility (CSR) programmes over the years. One such initiative is the creation of a charity organisation, Asian Medical Foundation (AMF), in 2003. The Foundation, initially founded by a group of doctors and nurses in RMG, reaches out by serving the medical and healthcare needs of the poor and the underprivileged. Beyond AMF, RMG also supports various worthy causes.

Health Screening
RMG supports the early detection of top cancers in Singapore through various initiatives. These include free Faecal Occult Blood Test (FOBT) kits and discounted mammogram screening packages.

Community Outreach
RMG doctors and nurses regularly engage in community outreach activities such as conducting basic health screening sessions, giving health education talks and advice on healthy ageing to senior citizens and distributing masks at community centres in various parts of Singapore. 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.

The Group regularly conducts basic health screening sessions for community outreach activities.

Zion Home for the Aged
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 and TCM physicians from RMG have visited the Zion Home for the Aged on a monthly basis to provide medical consultations, acupuncture service and advice for the residents. When necessary, elderly patients who require further specialist consultations are referred to Raffles Hospital for X-rays, laboratory tests and medication by specialist doctors at no expense.

PCF Sparklecare
RMG's specialists, doctors and staff made quarterly visits to two PCF Sparklecare centres in Simei and Yew Tee. They interview, consult and examine the elderly dementia and stroke patients, together with PCF's physiotherapists and occupational therapists, to determine adjustments to their rehabilitation programmes on-site.

Memories Café
In 2018, RMG through AMF continued to support the Alzheimer's Disease Association (ADA) through the Memories Café. This social event provides a change in environment for caregivers and persons with dementia to share their experiences in a safe and supportive setting.

Project Kidney
RMG supported students from Raffles Girls School with funding, doctors and equipment to educate, assess and assist 15 elderly with kidney problems at Tembusu ElderCare Centre.

South Central Community Family Service Centre (SCCFSC)
RMG's nutritionists conducted a cooking demonstration and a supermarket tour to help less privileged families under the SCCFSC to eat well without expensive ingredients and fuss-free cooking.

RMG's nutritionists conducted cooking demonstrations for the less privileged families.

PCF Dental Screening

Raffles Dental provided free basic dental check-up for pre-school children in 2018. The volunteer dentists would indicate the children's oral hygiene on an assessment sheet for them to bring back to their parents. Goodie bags comprising of a set of kids' toothbrush and toothpaste were also given out to the children during the event.

Raffles Dental provided pre-school children with free dental check-up to assess their oral hygiene.

Shop for a Cause

On 22 December 2018, close to 20 colleagues and their family members spent their Saturday morning to shop for a cause. They gathered in teams to purchase food, toiletries and other necessities for residents of Zion Home For The Aged and 30 low-income families who are beneficiaries of Bethesda Care Services. The team delivered the items to Zion Home and led the residents in singing Christmas carols. The team mingled with the 12 residents over refreshments and presented each of them with a gift pack.

RMG's staff purchased necessities for residents of Zion Home For The Aged.

▶ COMMUNITY INVESTMENTS

Our investments in these strategic corporate social responsibility programmes contributed to the well-being of the Singapore community.

▶ EDUCATION

Bursary Award

Introduced in 2011, the RMG Bursary provides financial assistance to the Group's staff for their children's education, thus giving them a head start in their life and career.

Clinical Training and Internships

RMG trains physicians, nurses, allied health and healthcare managers in collaboration with local medical schools, polytechnics and vocational institutions to provide clinical training for undergraduates and postgraduates. These include clinical attachment and supervision for residents enrolled under the NUHS Family Medicine Residency Programme, as well as Family Medicine training postings for medical students from the National University of Singapore's Yong Loo Lin School of Medicine and Duke-NUS Graduate Medical School, and the Nanyang Technological University's Lee Kong Chian School of Medicine.

The Group collaborates with local institutions to provide clinical training.

In addition, RMG partners with Nanyang Polytechnic, Ngee Ann Polytechnic, Singapore Polytechnic, Temasek Polytechnic, Republic Polytechnic, Singapore Institute of Technology and Institute of Technical Education to offer clinical placements in diverse areas including nursing, radiography, pharmacy, laboratory and physiotherapy.

As a private healthcare institution, RMG adds value to the educational experience of each student or trainee by providing not only clinical experience, but also exposure to private sector standards of service excellence and business management.

Professional Governance

RafflesHospital

Medical Board
Dr Loo Choon Yong (Adviser)
Professor Walter Tan (Chairman)
Dr Alfred Loh
Dr Yang Ching Yu
Dr Lee Jong Jian
Dr Lee I Wuen
Dr Stanley Liew
A/Prof Abdul Razakjr Bin Omar
Dr Kenneth Wu

Credentialling & Privileging Committee
Dr Yang Ching Yu (Chairman)
Dr Alfred Loh
Dr Stanley Liew
A/Prof Abdul Razakjr Bin Omar
Professor Walter Tan (Ex-Officio)

Ethics Committee
Dr Lee Jong Jian (Chairman)
Professor Walter Tan
Professor Nambiar Rajmohan
A/Prof Chew Chin Hin
A/Prof Mary Rauff
Dr Alfred Loh
Dr Lee I Wuen
Reverend Dr Isaac Lim
Mr Mike Barclay
Mr Moiz Tyebally

Quality Committee
Dr Alfred Loh (Chairman)
Dr Stanley Liew (Co-Chairman)
Dr Kenneth Wu
Professor Walter Tan
Dr Yang Ching Yu
Dr Edgar Kieu
Ms Lilian Yew
Mr Heng Wee Khim
Ms Yee Earn Hwa
Ms Kartini Sameejan
Mr Jonathan Low
Ms Beatrix Lee (Secretary)

Medical Audit Committee
Dr Chan Choong Chee (Chairman)
Dr Teo Sek Khee (Co-Chairman)
Dr Ng Wai Lin
Dr Tan Mein Chuen
Dr Daryl Tan
Dr Chng Shih Kiat
Dr Chong Yong Yeow
Dr Tan Hsiang Lung
Ms Lilian Yew
Ms Kartini Sameejan
Mr Fadhillah Bin Abu Bakar (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 Lim Yeow Wai
Dr Lim Kok Bin
Dr Manish Taneja
Dr Ganesan Naidu
Dr Tan Hsiang Lung
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 Stanley Liew (Chairman)
Dr Chng Shih Kiat (Co-Chairman)
Dr Kenneth Wu
Dr Lee Yian Ping
Dr Teo Sek Khee
Dr Joshua Kua
Dr Sheila Loh
Ms Ma Thein Yin
Ms Yee Earn Hwa (Secretary)

Infection Control Committee
Dr Teo Sek Khee (Chairman)
Dr Yvonne Loh (Co-Chairman)
Dr Wong Kutt Sing
Dr Lynette Ngo
Dr Edgar Kieu
Ms Ong Suat Kien
Ms Lee Lai Fun
Mr Heng Wee Khim
Ms Jaslyn Yeo
Ms Cheng Lee Hong
Mr Zulkifli Bin Ismail
Mr David Chee
Ms Than Sook Ling
Mr Andrew Lum
Ms Kartini Sameejan
Ms Silverio Quennie Floranda
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 David Wong
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 (Chairman)
Dr Nicholas Goh (Co-Chairman)
Dr Ekachai Danpanich
Dr Wong Jen San
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 Andrew Lum
Ms Ong Suat Kien
Mr Lim Hun Teck
Ms Fa'eezah Bte Hamzah (Secretary)

Critical Care Committee
Dr Chan Choong Chee (Chairman)
Dr Teo Swee Guan
Dr Wong Kutt Sing
Dr Tan Mein Chuen
Ms Lilian Yew
Ms Mary Jane Mendoza Sangalang
Mr Fadhillah Bin Abu Bakar
Ms Than Sook Ling (Secretary)

Transplant Committee
Dr Stanley Liew (Chairman)
Dr Ekachai Danpanich (Co-Chairman)
Dr Lim Kok Bin
Dr Wong Jen San
Dr Amitabh Monga
Dr Lim Yun Chin
Dr Yvonne Loh
Ms Zenia Alipoyo Pabualan
Mr Jonathan Low (Secretary)

Trauma Committee
Dr Ganesan Naidu (Chairman)
Dr Goh E Shaun (Co-Chairman)
Dr Tan Hsiang Lung
Dr David Choy
Dr Wong Jen San
Dr Ho Kok Yuen
Ms Kartini Sameejan
Ms Ong Suat Kien
Ms Magdalene Lee
Ms Lim Li Sar
Ms Than Sook Ling
Mr Fadhillah Bin Abu Bakar
Mr Eugene Lam (Secretary)

RafflesMedical

Medical Board
Dr Alfred Loh (Adviser)
Dr Wilson Wong (Chairman)
Dr Chng Shih Kiat (Co-Chairman)
Dr Michael Lee
Dr Wong Wei Mon
Dr Chin Min Kwong
Dr Hoo Kai Meng
Dr Salleh Omar
Dr Nandha Kumar
Dr Melvyn Wong

Corporate Information

RafflesMedicalGroup

Board Of Directors
Dr Loo Choon Yong
(Executive Chairman and Non-Independent Director)
Mr Koh Poh Tiong
(Lead Independent Director)
Mr Kee Teck Koon
(Independent Director)
Mr Eric Ang Teik Lim
(Independent Director)
Dr Wee Beng Geok
(Independent Director)
Professor Lim Pin
(Independent Director)
Mr Raymond Lim Siang Keat
(Independent Director)
Mr Lim Beng Chee
(Independent Director)
Mr Png Cheong Boon
(Independent Director)
Mr Tan Soo Nan
(Executive and Non-Independent Director)
Mr Olivier Lim Tse Ghow
(Non-Executive and Non-Independent Director)
Dr Sarah Lu Qinghui
(Non-Executive and Non-Independent Director)

Audit & Risk Committee
Mr Kee Teck Koon
(Chairman)
Mr Koh Poh Tiong
Mr Raymond Lim Siang Keat

Nomination & Compensation Committee
Mr Eric Ang Teik Lim
(Chairman)
Mr Koh Poh Tiong
Dr Wee Beng Geok
Professor Lim Pin

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

Company Secretary
Mrs Kimmy Goh

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

Auditors
KPMG LLP
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 Charles Maurice Octave Pierron
(Independent Director)
Mr Benny Lim Siang Hoe
(Independent Director)
Mr Tan Soo Nan
(Executive and Non-Independent Director)
Mr N Ganesan
(Non-Executive and Non-Independent Director)

Company Secretary
Mrs Kimmy Goh

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 achieving and maintaining high standards of corporate governance to ensure greater corporate transparency and protection of shareholders' interest.

This statement outlines the main corporate governance policies, processes and practices adopted by RMG during the financial year ended 31 December 2018 with specific reference to the principles and provisions of the Code of Corporate Governance 2012 (the Code or CCG 2012). Appropriate explanations have been provided in the relevant sections below where there are deviations from 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. 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 Directors to participate by way of telephone conference, video conference, or any other forms of electronic communication facilities on occasions when they are not able to attend physical meetings. 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.

All directors exercise due diligence and independent judgement in dealing with the business affairs of the Company and are obliged to act in good faith and to take objective decisions in the interest of the Company. The Board is accountable to shareholders and responsible for the long-term success of the RMG and its subsidiaries (the Group). The primary function of the Board is to:

(a) provide entrepreneurial leadership, guide the formulation of the Group's overall long-term strategic plans and performance objectives, ensure adequate financial and human resources are in place for the Group to meet its objectives;

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

(c) monitor the performance of the management;

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

(e) set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and duly met; and

(f) consider sustainability issues such as environmental and social factors as part of its strategic formulation.

Directors must avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of RMG. Where a Director has a conflict of interest, or it appears that he or she might have a conflict of interest, in relation to any matter, he or she should immediately declare his or her interest at a meeting of the Directors or send a notice to the Company containing details of his or her interest and the conflict, and recuse himself or herself from participating in any discussion and decision on the matter. Matters that require the Board's approval in line with guidelines set forth by the Board are:

(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;

Corporate Governance Statement

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

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

(f) Material acquisitions or disposals;

(g) Major capital expenditures;

(h) Succession plans, including appointment and compensation for Directors;

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

(j) 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:

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

(b) Audit & Risk Committee (ARC).

Each Board Committee reviews the matters that fall within the ambit of its own Terms of Reference and reports its decisions to the Board which endorses and accepts ultimate responsibility on such matters.

INDUCTION AND TRAINING OF DIRECTORS

There is an induction for incoming Directors joining the Board in the discharge of their duties and to introduce the Group's business and governance practices and arrangements, amongst others. Upon appointment, a new Director receives a formal letter on the director's duties, responsibilities and disclosure obligations as a Director. 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 of the Group's various businesses and support functions. The Group will also arrange for the new director to attend training in areas such as accounting, legal as appropriate.

Any regulatory changes with a material impact on either the Group or the Directors, the Management will update the Directors during the Board meetings. The Company Secretary also briefs the Directors on key regulatory changes, while KPMG LLP, the Company's external auditors (the External Auditors) briefed the ARC on key amendments to the accounting standards.

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, the Singapore Exchange Limited, the Institute of Singapore Chartered Accountants and Singapore Management University. The Company is responsible for arranging and funding the training of directors. The directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate and risk governance, changes in financial reporting standards, changes in the Companies Act, continuing listing obligations and industry-related matters, so as to update and refresh them on matters that may affect or enhance their performance as board or board committee members. Directors may at any time request for further explanation, briefing or informal discussion on any aspects related to the Group's operations.

Corporate Governance Statement

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

INDUCTION AND TRAINING OF DIRECTORS (CONT'D)

If a director was unable to attend a board or board committee meeting, he or she would still receive all the papers and materials for discussion at that meeting. He or she would review them and advise the Chairman or board committee Chairman of his or her views and comments on the matters to be discussed, so that they may be conveyed to other members at the meeting.

ATTENDANCE AT MEETINGS

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

Directors' Details

Name of Director	Independent (I)/ Non-Independent (NI)	Executive (E)/ Non-Executive (NE)	Assessment of Directors' Independence Status	Meeting Attendance Report ▲ Chair of the Committee ● Member of the Committee			
			Independence Status under the CCG 2012	AGM and EGM[3]	Board	ARC	NCC
Dr Loo Choon Yong	NI	E	No	▲ 2/2	▲ 4/4	-	-
Mr Koh Poh Tiong	I	NE	Yes	● 2/2	● 4/4	● 4/4	● 1/1
Mr Kee Teck Koon	I	NE	Yes	● 2/2	● 4/4	▲ 4/4	-
Mr Eric Ang Teik Lim	I	NE	Yes	● 2/2	● 4/4	-	▲ 1/1
Dr Wee Beng Geok	I	NE	Yes	● 2/2	● 4/4	-	● 1/1
Professor Lim Pin	I	NE	Yes	● 2/2	● 4/4	-	● 1/1
Mr Raymond Lim Siang Keat	I	NE	Yes	● 2/2	● 4/4	● 4/4	-
Mr Lim Beng Chee	I	NE	Yes	● 2/2	● 4/4	-	-
Mr Png Cheong Boon[1]	I	NE	Yes	-	●[1] 1/1	-	-
Mr Tan Soo Nan	NI	E	No	● 2/2	● 4/4	-	-
Mr Olivier Lim Tse Ghow	NI	NE	No	● 2/2	● 3/4	-	-
Dr Sarah Lu Qinghui[2]	NI	NE	No	● 2/2	● 4/4	-	-

Notes:

(1) Mr Png Cheong Boon was appointed as a Non-Executive and Independent Director on 15 October 2018. His attendance at Board Meetings excludes meetings held before his appointment.

(2) Dr Sarah Lu Qinghui was appointed as a Non-Executive and Non-Independent Director on 20 February 2018. Dr Lu is the daughter of Dr Loo Choon Yong, Executive Chairman of the Company.

(3) During the year, the Company held an Annual General Meeting (AGM) and an Extraordinary General Meeting (EGM) on 27 April 2018.

Corporate Governance Statement

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 below.

Board Size and Composition

As at the date of this Report, the Board comprises twelve suitably qualified members of whom eight are Non-Executive and Independent:

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	16/05/1989	Executive and Non-Independent	19/04/2017	Chairman	Nil
Mr Koh Poh Tiong	03/10/2011	Non-Executive and Independent	19/04/2017	Lead Independent Director	Members of ARC and NCC
Mr Kee Teck Koon	03/01/2012	Non-Executive and Independent	19/04/2017	Director	Chairman of ARC
Mr Eric Ang Teik Lim	24/04/2015	Non-Executive and Independent	20/04/2016	Director	Chairman of NCC
Dr Wee Beng Geok	27/11/2000	Non-Executive and Independent	20/04/2016	Director	Member of NCC
Professor Lim Pin	19/02/2001	Non-Executive and Independent	27/04/2018	Director	Member of NCC
Mr Raymond Lim Siang Keat	25/04/2013	Non-Executive and Independent	19/04/2017	Director	Member of ARC
Mr Lim Beng Chee	23/07/2015	Non-Executive and Independent	20/04/2016	Director	Nil
Mr Png Cheong Boon(1)	15/10/2018	Non-Executive and Independent	–	Director	Nil
Mr Tan Soo Nan	28/07/2000	Executive and Non-Independent	27/04/2018	Director	Nil
Mr Olivier Lim Tse Ghow	01/10/2014	Non-Executive and Non-Independent	27/04/2018	Director	Nil
Dr Sarah Lu Qinghui(2)	20/02/2018	Non-Executive and Non-Independent	27/04/2018	Director	Nil

Notes:

(1) Mr Png Cheong Boon was appointed as a Non-Executive and Independent Director on 15 October 2018.

(2) Dr Sarah Lu Qinghui was appointed as a Non-Executive and Non-Independent Director on 20 February 2018. Dr Lu is the daughter of Dr Loo Choon Yong, Executive Chairman of the Company.

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.

Corporate Governance Statement

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

The Board and the Nomination & Compensation Committee (NCC) regularly examine the Board's size and, with a view to determine the impact of the number upon effectiveness, decide on an appropriate size for the Board, taking into account the scope and nature of the Group's operations. Each year, the Board and NCC take into account, inter alia, the Directors' contributions, areas of expertise and scope of work in the process of evaluating whether the Board's composition is adequate.

The Company recognises and embraces the benefits of diversity on the Board and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development even though the Company does not formalise this by way of a written policy. The current composition of the Board provides diversity in terms of skills, experience, gender and knowledge of the Company.

In this respect, the NCC recognises the merits of gender diversity in relation to the composition of the Board and, in identifying suitable candidates for a new appointment to the Board, would ensure that female candidates are included for consideration. Having said that, gender is but one aspect of diversity and new directors will continue to be selected based on objective criteria set as part of the process for appointment of new directors and Board succession planning. As at 31 December 2018, there are two female directors, namely, Dr Wee Beng Geok and Dr Sarah Lu Qinghui, out of a total of twelve directors. Female Directors therefore represent 16.7% of total Board membership which is compared favourably to the national average of women's participation on boards of all 738 SGX-listed companies which stood at 11.2% as at end June 2018 (Source: News release of Diversity Action Committee (DAC) dated 31 July 2018).

The Board comprises Directors from different industries and background, with business and management experience, knowledge and expertise who, collectively as a group provides core competencies in healthcare, education, accounting, finance, strategic planning to meet the goals of the Company. Such diversity will provide a wider range of perspectives, skills and experience, which will allow Board members to better identify possible risks, raise challenging questions and contribute to problem-solving. This will, in turn, enable the Board to better guide and advise Management from this broader perspective and contribute to more effective decision-making to assist the Group in achieving its strategic objectives. Each Director is appointed on the strength of his or her calibre and experience. The Company has no alternate Directors on its Board.

The Board and NCC are satisfied that the current Board's size and composition is in alignment with the needs of the Group. The current Board composition mix and size facilitates independent and effective decision making.

Review of Director's Independence

The NCC is responsible for reviewing the independence of each Director based on the guidelines set out in the Code. The Board conducts the review annually and requires each Non-Executive Director to confirm, on an annual basis, that there are no material relationships which would render him or her non-independent. The confirmations are reviewed by the NCC during which the NCC also considers their respective independent contributions at Board meetings. Thereafter, the matter is presented to the Board for it to make a determination of the Directors' independence taking into account the views of the NCC.

As at 31 December 2018, there is a strong independence element in the Board, with the NCC considering eight out of its current twelve Board members to be independent. As such, the Board composition had met the guideline of the Code which states that Independent Directors shall make up at least half of the Board where the Chairman of the Board is not an Independent Director.

The Board concurred with the views of the NCC that all the Independent Directors of the Company are considered "Independent" as they have 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 for the best interests of the Group as a whole. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship in the Code that would otherwise deem him or her not to be independent. For transparency, the NCC has set out its determination of the independence of each of the eight Independent Directors, namely, Mr Koh Poh Tiong, Mr Kee Teck Koon, Mr Eric Ang Teik Lim, Dr Wee Beng Geok, Professor Lim Pin, Mr Raymond Lim Siang Keat, Mr Lim Beng Chee and Mr Png Cheong Boon in the paragraphs that follow.

Corporate Governance Statement

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

Mr Koh Poh Tiong is a Non-Executive and Non-Independent Director and Adviser of Fraser & Neave Limited, a Non-Executive and Independent Director of Delfi Limited, as well as Chairman of Bukit Sembawang Estates Limited, Times Publishing Limited and Yunnan Yulinquan Liquor Co Ltd. Mr Koh's roles in all the appointments are non-executive in nature and he is not involved in the business operations of the companies. Mr Koh is also an Independent Director of Great Eastern Life Assurance (Malaysia) Berhad and Great Eastern General Insurance (Malaysia) Berhad. Mr Koh is considered independent of management and business relationships with the Company.

Mr Kee Teck Koon is a Non-Executive Director of CapitaLand Limited, Mandai Park Holdings Pte Ltd, Fullerton Fund Management Company Ltd, FFMC Holdings Pte Ltd and Lien Foundation. He also holds the positions of Non-Executive Deputy Chairman of NTUC Income Insurance Co-operative Limited and Non-Executive Chairman of Changi Airports International Pte Ltd. Mr Kee's roles in all the above appointments are non-executive in nature and he is not involved in the day-to-day conduct of business of the companies. Mr Kee is also an Executive Director of NTUC Enterprise Co-operative Limited. Mr Kee is considered independent of management and business relationships with the Company.

Mr Eric Ang Teik Lim is appointed as a Senior Executive Adviser by DBS Bank Ltd (DBS) which provides banking services to the Group. The Board considers that the transactions with DBS were carried out in the ordinary course of business, on normal commercial terms and at arm's length basis. In addition, the services were not material in the context of all the services that the Group received from its banks in 2018 and the payments made to DBS were also not material relative to the revenue of DBS in 2018.

Mr Ang is also appointed as a Non-Executive and Independent Director of Sembcorp Marine Ltd, a Director of Changi Airport Group (Singapore) Pte Ltd, Surbana Jurong Private Limited, NetLink NBN Management Pte Ltd, DBS Foundation Ltd, Co-Chairman of the SGX Disciplinary Committee and a Vice-Chairman of Community Chest. These roles are non-executive and advisory in nature, do not pose any conflict of interest for Mr Ang, and he is not involved in the day-to-day conduct of the business of the companies. Mr Ang is considered independent of management and business relationships with the Company.

Mr Raymond Lim Siang Keat is a Non-Executive and Independent Director of Hong Leong Finance Limited and Non-Executive Director of Swire Properties Limited. Mr Lim's role in these appointments is non-executive in nature, and he is not involved in the business operations of the companies. Mr Lim is also appointed as the Executive Chairman of APS Asset Management Pte Ltd and a Senior Adviser to John Swire & Sons (Hong Kong) Ltd. Mr Lim is considered independent of management and business relationships with the Company.

Mr Lim Beng Chee is a Non-Executive Director of WIND Group Pte Ltd and SCPG Holdings Co Ltd. Mr Lim's roles in all the appointments are non-executive in nature and he is not involved in the day-to-day conduct of business of the companies. Mr Lim is the Chief Executive Officer and Executive Director of both Shangri-La Asia Limited and China World Trade Center Co Ltd. Mr Lim is considered independent of management and business relationships with the Company.

Mr Png Cheong Boon currently serves on the boards of the Economic Development Board, Employment and Employability Institute Pte Ltd, Singapore Cooperation Enterprise, Singapore Innovate Pte Ltd and Infrastructure Asia. Mr Png's roles in all the appointments are non-executive in nature and he is not involved in the day-to-day conduct of business of the companies. Mr Png is considered independent of management and business relationships with the Company.

The Board recognises that Independent Directors will over time develop significant insights in the Group's business and operations, and can continue to provide valuable contribution objectively to the Board as a whole. The Board is of the view that the independence of a Director cannot be determined arbitrarily on the basis of a set period of time. Nevertheless, when there are Directors who have served beyond nine years, the Board will review rigorously their continuing contribution and independence and decide if they should continue with the appointment. During the financial year under review, the independence of Dr Wee and Professor Lim was subject to such a review, which included a self-assessment by Dr Wee and Professor Lim, and a substantive assessment by the NCC. Among other things, the NCC takes into account whether a Director's long term relationship with Management could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement with a view to the best interests of the Company. Both Dr Wee and Professor Lim are considered independent of management and business relationships with the Company.

Corporate Governance Statement

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

The Board also considered whether Mr Koh Poh Tiong, Mr Kee Teck Koon, Mr Eric Ang Teik Lim, Dr Wee Beng Geok, Professor Lim Pin, Mr Raymond Lim Siang Keat, Mr Lim Beng Chee and Mr Png Cheong Boon had demonstrated independence of character and judgement in the discharge of his or her responsibilities as Directors of the Company in the year 2018, and is satisfied that each of them had acted with independent judgement. Each of them had also recused himself or herself from participating in any Board deliberation on any transactions that could potentially have given rise to a conflict of interest. The Board therefore considers that the relationships and circumstances set out above did not impair their independence and objectivity.

The Board is of the firm view that Dr Wee and Professor Lim have contributed effectively by providing impartial and autonomous views, advice and judgement, and in the manner in which they discharge their responsibilities as Directors. These Directors have also demonstrated objectivity in character and judgement in the discharge of their duties as Directors of the Company. Their roles are non-executive in nature and they are also not involved in the day-to-day business and operations of the Group. Their leadership qualities as well as deep knowledge remain important for the Group and the Company. In addition, there is no association with Management that could compromise their independence, and that therefore, Dr Wee and Professor Lim remain independent. After taking into account these factors, the NCC's views and having weighed the need for Board refreshment against tenure, the Board has considered and determined that Dr Wee and Professor Lim continue to be regarded as Independent Directors of the Company, notwithstanding having served more than nine years.

Each Independent Director duly abstained from the NCC or Board's determination of his or her independence.

On the basis of the declarations of independence provided by the Directors and the guidance in the Code, the Board has determined that Dr Loo Choon Yong, Mr Tan Soo Nan, Mr Olivier Lim Tse Ghow and Dr Sarah Lu Qinghui, are the Non-Independent Directors of the Company.

Non-executive Directors

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

As Non-Executive members of the Board, the Directors exercise no management functions in the Company or any of its subsidiaries. Although all the Directors are equally responsible for the performance of the Group, the role of the Non-Executive Directors is particularly important in ensuring that the strategies proposed by 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 other stakeholders in which the Group conducts its business. In addition, the Non-Executive Directors also review and monitor the performance of Management in meeting goals and objectives. The Non-Executive Directors communicate without the presence of the Management as and when the need arises.

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.

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. The Executive Chairman leads the Board to ensure its effectiveness on all aspects of its role by encouraging constructive relations, setting the agenda and ensuring that adequate time are available for the discussion of all items, promoting a culture of openness and debate at the Board, ensuring that the Directors receive complete, adequate and timely information, ensuring effective communication with shareholders and facilitating the effective contribution of the Non-Executive Independent Directors as well as promoting high standards of corporate governance.

Corporate Governance Statement

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER (EXECUTIVE CHAIRMAN) (CONT'D)

The Company does not have a separate Chief Executive Officer. Although it is a deviation from the Code which provides that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business, the Board considers the current leadership structure to be optimal.

The Board is of the opinion that it is able to benefit from an active Chairman who is knowledgeable about the business of the Company, and is thereby better able to guide discussions. He is capable of ensuring that the Board is properly briefed in a timely manner on pertinent issues and developments. The Board obtains the independent views from its Independent Directors. The Chairman leads the evaluation of the Senior Management performance and works with the Senior Management in overseeing talent management to ensure that robust succession plans are in place for the senior leadership team. The Chairman establishes the boundaries of risk undertaken by the Group and ensure that governance systems and processes are in place and regularly evaluated.

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 formed 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 (CFO) or the Group Financial Controller (GFC) have failed to resolve the issues or for which such contact is inappropriate. He would provide feedback to the Executive Chairman after such meetings.

PRINCIPLE 4: BOARD MEMBERSHIP

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The Company has established a NCC to, among other things, make recommendations to the Board on all Board appointments, re-appointments and oversee the Board and key management personnel's succession and leadership development plans.

The key memberships and responsibilities of the NCC are set out on pages 43 to 45.

Corporate Governance Statement

PRINCIPLE 4: BOARD MEMBERSHIP (CONT'D)

Process for selection and appointment of new directors

The NCC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors. When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NCC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as the new Director. The NCC seeks potential candidates widely and beyond Directors or Management recommendations and is empowered to engage external parties, such as professional search firms, to undertake research on or assessment of candidates as it deems necessary.

Criteria for appointment of new directors

All new appointments are subject to the recommendation of the NCC based on the following objective criteria:

(1) Integrity;

(2) Character, business experience and acumen;

(3) Diversity - Possess core competencies that meet the needs of the Company and complement the skills and competencies of the existing Directors on the Board;

(4) Able to commit time and effort to carry out duties and responsibilities effectively;

(5) Track record of making good decisions; and

(6) Experience in high-performing companies.

Re-nomination and Re-appointment of Directors

The NCC also oversees the process for re-appointment having regard to the Director's contributions and performance (such as attendance, preparedness, participation and candour).

All Directors, including the Chairman and Chief Executive Officer submit themselves for re-appointment at regular intervals of at least once every three years. As prescribed by the Company's Constitution and recommended by the Code, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation at every annual general meeting of the Company. Any Director appointed by the Board during the financial year shall hold office only until the next annual general meeting. A retiring Director shall be eligible for re-election. 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;

(c) The current composition of the Board; and

(d) The need for independence.

Multiple Board Representation

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.

Corporate Governance Statement

PRINCIPLE 4: BOARD MEMBERSHIP (CONT'D)

Multiple Board Representation (cont'd)

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

The NCC is satisfied that each of the Directors is able to devote adequate time to carry out his or her duties as Director. The Board has considered, and set as a guide that 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). During the financial year ended 31 December 2018, none of the Directors holds more than six directorships in public listed companies. The Company does not have any alternate directors on its Board.

Key information of each Director including the date of first appointment as a Director, date of last re-appointment or re-election, academic and professional qualifications, background and experience, directorships or chairmanships in other listed companies and principal commitments over the past three years is set out on pages 8 to 13 and 36 of the Annual Report.

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.

On an annual basis, the NCC reviews the Board's performance 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 the 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 Secretary compiles 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 2018, 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. All Directors participated in the assessment process. The results of the evaluation on a collective basis were collated by the Company Secretary and presented first to the NCC for review and then to the Board for further discussion. 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.

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.

The Company recognises the importance of providing the Board with relevant information on a timely basis prior to Board meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities.

Corporate Governance Statement

PRINCIPLE 6: ACCESS TO INFORMATION (CONT'D)

The Board meets regularly at Board meetings. At each Board meeting, the General Managers of each division will provide updates on the Group's business and operations, CFO and GFC will also present the financial performance. Presentations in relation to specific business areas are also made by General Managers and external consultants or experts, if required. This allows the Board to develop a good understanding of the progress of the Group's business as well as the issues and challenges facing the Group, and also promotes active engagement with the key executives of the Group.

The Management provides the Board with quarterly financial and related reports as well as quarterly summary data comparing key financial metrics relative to the budgets and results from prior periods. In respect of budgets and financial results, any material variances between the projections and actual results are disclosed and explained.

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, the Directors have separate and independent access to Senior Management and the Company Secretary at all times. The Company Secretary is responsible for ensuring that the established procedures and relevant statutes and regulations have been complied with. She also facilitates good information flow to and within the Board and its committees and between Management and Non-Executive Directors. The Company Secretary attends all the Board meetings held and her appointment and removal is subject to the Board's approval.

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.

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.

Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this Report and in the notes to the financial statements of the Company and of the Group.

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 are set out in the terms of reference approved by the Board which 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 Committee and Directors;
- (iii) Review of training and professional development programmes for the Directors;
- (iv) Recommendation on the appointment and re-appointment of Directors; and

Corporate Governance Statement

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (CONT'D)

NOMINATION & COMPENSATION COMMITTEE (CONT'D)

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

(b) Review the structure, size and composition (including skills, qualification, experience and diversity) of the Board and Board Committees, recommend changes, if any, to the Board.

(c) Recommendation of membership of Board Committees to the Board.

(d) Review the independent status of Non-Executive Directors and the Alternate Director, if applicable, annually, or when necessary, along with issues of conflict of interest.

(e) Recommendation to the Board for removal and re-appointment of Non-Executive Director at the end of his term if the appointment is subject to tenure. It may also make recommendations for the re-election of Directors under the provisions of the Company's Constitution on the policy on retirement by rotation. In making these recommendations, the NCC should consider the Director's performance, commitment and his ability to continue contributing to the Board.

(f) Keep up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates.

(g) Assist the Board with responsibilities with regard to remuneration and talent management:

(i) Take into account all relevant legal and regulatory requirements, including the principles and guidelines of the Code, when determining the Company's remuneration policies. In doing so, it should also consider the Company's risk appetite and ensure the policies are aligned to long-term goals;

(ii) Set the remuneration framework for Directors (both Executive and Non-Executive Directors), CEO and Key Management Personnel. No Director or manager shall be involved in any decisions as to their own remuneration. The Board should recommend Non-Executive Directors' fees for shareholders' approval;

(iii) Review the ongoing appropriateness and relevance of the Company's remuneration policy;

(iv) Obtain reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants. Such information can also be obtained by commissioning or purchasing any appropriate reports, surveys or information. These will be at the expense of the Company, subject to the budgetary constraints imposed by the Board;

(v) Oversee any major changes in employee benefits or remuneration structures;

(vi) Review the design of all long-term and short-term incentive plans for approval by the Board and shareholders;

(vii) When required, review the contractual terms and any termination payments are fair to the individual and the Company. Poor performance should not be rewarded;

(viii) Oversee and collaborate with Executive Directors on the talent management and succession planning matters for executives; and

(ix) Work and liaise, as necessary with all other Board Committees on any other matter connected with remuneration.

Corporate Governance Statement

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (CONT'D)

NOMINATION & COMPENSATION COMMITTEE (CONT'D)

(h) Review the design of all Employee Share Option Schemes and such other incentive schemes as may be approved by the Board and the shareholders from time to time. 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.

(i) Empowered to delegate to Executive Chairman or Company Secretary to approve and release such announcements in relation to the administration of the Employee Share Option Schemes and such other incentive schemes as may be approved by the Board and the shareholders from time to time that are required for the compliance with the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual.

The Chairman of the NCC is Independent Director, Mr Eric Ang Teik Lim. The other members are Lead Independent Director, Mr Koh Poh Tiong, Independent Directors, Professor Lim Pin and Dr Wee Beng Geok, 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 relationship, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

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.

To reward successful performance as well as to attract, retain and motivate Directors and key management personnel, the NCC establishes appropriate remuneration frameworks for the Directors and key management personnel of the Company. Such frameworks are reviewed periodically to ensure that they remain relevant in terms of industry practices and norms in compensation. The NCC takes into consideration the long-term interest and risk policies of the Company and structures the remuneration packages on the measured performance indicators (which include both financial and non-financial factors) and are linked to the performance of the Group as well as the individual. The Directors and key management personnel 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 key management personnel 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. Under the current remuneration framework, 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. The framework also ensures that Non-Executive Directors are not over-compensated to the extent that their independence may be compromised.

Corporate Governance Statement

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 are 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 for the year ended 31 December 2018 are set out below:

Remuneration Band	**Number of Directors**	
	2018 (1)	**2017**
$500,000 and above	1	1
$250,000 and below $500,000	1	1
Below $250,000	10	8
	12	10

Notes:

(1) Includes two new Directors, namely, Dr Sarah Lu Qinghui and Mr Png Cheong Boon who were appointed to the Board on 20 February 2018 and 15 October 2018, 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 2018 is as follows:

Name of Director	Salary [1] %	Bonus [2] %	Director's Fees %	Share Options Grant %	Total Compensation %
$500,000 and above					
Dr Loo Choon Yong Executive Chairman and Non-Independent	7	93	-	-	100
$250,000 and below $500,000					
Mr Tan Soo Nan Executive and Non-Independent	80	11	-	9	100
Below $250,000					
Mr Koh Poh Tiong Non-Executive and Independent	-	-	74	26	100
Mr Kee Teck Koon Non-Executive and Independent	-	-	75	25	100
Mr Eric Ang Teik Lim Non-Executive and Independent	-	-	100	-	100
Dr Wee Beng Geok Non-Executive and Independent	-	-	71	29	100
Professor Lim Pin Non-Executive and Independent	-	-	78	22	100
Mr Raymond Lim Siang Keat Non-Executive and Independent	-	-	78	22	100
Mr Lim Beng Chee Non-Executive and Independent	-	-	84	16	100
Mr Png Cheong Boon Non-Executive and Independent	-	-	100	-	100
Mr Olivier Lim Tse Ghow Non-Executive and Non-Independent	-	-	79	21	100
Dr Sarah Lu Qinghui Non-Executive and Non-Independent	-	-	100	-	100

Notes:
(1) The salary amount shown is inclusive of fees, 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 Group's remuneration policy is one that seeks to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel (KMPs) to achieve the Company's business vision and create sustainable value for its stakeholders.

The remuneration policy adopted by the Group comprises a fixed component, monthly variable component and a performance related variable component. The fixed and monthly variable component is in the form of a base salary, fixed allowances and compulsory employer contributions to an employee's Central Provident Fund. The performance related variable component is in the form of bonus and awards under the RMG (2010) Share Option Scheme and is linked to the relative performance of the Group and respective key performance indicators allocated to each individual Executive Director and KMPs, allowing for the alignment of their interests with that of Shareholders. Key information on the RMG (2010) Share Option Scheme is set out on pages 67 to 70 of the Annual Report.

Corporate Governance Statement

PRINCIPLE 9: DISCLOSURE ON REMUNERATION (CONT'D)

KEY EXECUTIVES' REMUNERATION (CONT'D)

The Directors receive Directors' fees, in accordance with their contributions, taking into account factors such as effort, time spent and the individual responsibilities of the respective Directors. The Directors' fees are recommended by the NCC and endorsed by the Board for approval of Shareholders of the Company at the AGM. Each member of NCC abstains from making a recommendation of his or her 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 had 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.

During the financial year under review, save for Dr Loo Choon Yong (Executive Chairman) and Dr Foo Tun Lin (Consultant at the Raffles Orthopaedic Centre) who is the father and spouse of Dr Sarah Lu Qinghui (Non-Executive Director) respectively, there are no employees in the Group who are the immediate family members of a Director or the Chief Executive Officer whose remuneration exceeded $50,000 during the year. Given the commercial sensitivities associated with remuneration matters, the Company has not disclosed the remuneration of both Dr Loo and Dr Foo in incremental bands of $50,000, a requirement under the Code.

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.

In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements, announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. The Company also keeps its shareholders, stakeholders and analysts informed of the performance and changes in the Group or its business which would likely to materially affect the price or value of the Company's securities on a timely and consistent basis, so as to assist shareholders and investors in their investment decision.

The Group, where appropriate, has taken adequate steps to ensure that the Company complies with its disclosure obligations under the listing manual. By fulfilling the statutory reporting requirements, the Group hopes to maintain shareholders' confidence and trust the capability and integrity of the Company.

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.

Corporate Governance 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 functions:

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

(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 or 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 CEO and CFO or GFC regarding the effectiveness of risk management and internal controls;

(v) Review reports 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.

The Group has adopted an entity-wide risk assessment framework to enhance its risk management capabilities. The framework provides a holistic overview of the Group's risk profile by identifying key risks, control measures, risk tolerance, risk ownership and assurance on residual risk. At least annually, the framework is reviewed by the ARC and approved by the Board. This allows the Group to address the ongoing changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process. 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.

The Board also reviews the Group's business and operational activities to identify areas of significant business risks as well as the measures in place to control and mitigate these risks within the Group's policies and business strategies. The risk assessment exercise also includes identifying and assessing key risk areas of the Group such as financial, operational, compliance and information technology risks based on the feedback of the Internal Auditors and External Auditors.

The Board, together with ARC, also oversees the Management in implementing the risk management and internal control systems and are responsible for governance of risk management and determining the Group's levels of risk tolerance and risk policies. There are also consultations with the external auditors and internal auditors to determine the risk tolerance level and corresponding risk policies.

Corporate Governance Statement

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

The Group has compiled a report on its risk profile which summarises the material risks faced by the Group and the countermeasures in place to manage or mitigate those risks for the review by the ARC and the Board annually. The report provides an overview of the Group's key risks, the appropriate risk tolerance limits set for the respective risks, the key personnel responsible for each identified risk type and the various mechanisms in place. It allows the Group to address the ongoing changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process. On an annual basis, the internal audit function prepares the internal audit plan taking into consideration the risks identified which is approved by the ARC.

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

Based on the work performed by the internal auditors, the statutory audit by the external auditors and reviews performed by Management, the Board, with the concurrence of the ARC, is of the opinion that the 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 the financial information used within the business and for publication is reliable. In reviewing these controls, the Directors have had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

The 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 control systems.

Further details on the Group's internal controls and risk management systems, philosophy and approach can be found in the "Risk Management" section on pages 58 to 60.

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 is chaired by Mr Kee Teck Koon and comprises Mr Koh Poh Tiong, the Lead Independent Director and Mr Raymond Lim Siang Keat. All members of the ARC are Non-Executive and Independent Directors. All the ARC members are actively involved in various other commercial organisations, and have invaluable and recent related financial management experience to discharge ARC's functions. None of the ARC members were previously partners or Directors of the external auditors, KPMG LLP, within the previous twelve months nor does any of the ARC members hold any financial interest in KPMG LLP.

In 2018 as in the previous financial years, the ARC members met the Group's internal and external auditors, without the presence of Management, once a year 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 and effectiveness of the Group's internal controls and the contents and presentation of its quarterly and annual financial statements.

Corporate Governance Statement

PRINCIPLE 12: AUDIT COMMITTEE (CONT'D)

Specifically, the responsibilities of the ARC include:

(a) Oversee Financial Reporting

(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 or 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) Oversee External Audit

(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.

(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

Corporate Governance Statement

PRINCIPLE 12: AUDIT COMMITTEE (CONT'D)

(d) Oversee Interested Persons Transactions (IPTs) (cont'd)

(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 had reviewed the external auditor's audit plan for the financial year ended 31 December 2018 (FY2018) and had agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In ARC's review of the financial statements of the Group for FY2018, it had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The ARC also reviewed and addressed, amongst other matters, the following key audit matters as reported by the external auditors for FY2018:

Significant matters	How the ARC reviewed these matters
Classification and Valuation of Investment Properties	The ARC considered the valuation methodologies adopted by the external valuers. It reviewed the key assumptions used in the valuations against available industry data, taking into consideration comparability and market factors.
Valuation of Goodwill	The ARC considered the approach and methodology that were applied in the valuation of goodwill. It reviewed the reasonableness of the assumptions used in the cashflow forecasts including the terminal growth rates and discount rates, taking into consideration macroeconomic and sector trends and conditions.

The ARC concluded that the Group's accounting treatment and estimates in each of the significant matters were appropriate. All the key audit matters that were raised by the external auditors for FY2018 have been addressed by the ARC and covered in the above commentary.

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.

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 FY2018 as well as the corresponding fees for prior years. Details of the fees paid or payable to KPMG in respect of audit and non-audit services can be found at Note 18 of the Notes to the Financial Statements on page 142. 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 ARC is also satisfied with the aggregate amount of audit fees paid to KPMG. Accordingly, the ARC has recommended and the Board has accepted, proposing to shareholders, the re-appointment of KPMG as the independent auditors for the Group in the ensuing year.

During FY2018 and as in the past years, RMG has complied with Rule 712 of the Listing Rules which requires, amongst others, that a suitable auditing firm be appointed by the Company, having regard to the factors set out therein. The Company has also complied with Rule 715 of the Listing Rules which requires that the same auditing firm of the Company audits its Singapore-incorporated subsidiaries and significant associated companies, and that a suitable auditing firm be engaged for its significant foreign-incorporated subsidiaries and associated companies.

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.

The ARC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with training conducted by professionals or external consultants.

Corporate Governance Statement

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 an Executive Director 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.

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:

<u>Oversee IA</u>

(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 or concerns; and

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

To ensure that internal audits are performed by competent professionals, the Group recruits and employs suitably qualified professional staff with the requisite skill sets and experience. The Group further invests in the training and development of Internal Auditors to ensure that their professional competence is maintained. The ARC approves the hiring, removal, evaluation and the remuneration of the Internal Auditors. The Internal Auditors have unfettered access to all the Group's documents, records, properties, personnel and the ARC.

In FY2018 and as in the other years, the ARC reviews annually, the adequacy of the IA function to ensure that the internal audits are conducted effectively and that the Management provided the necessary co-operation to enable the Internal Auditors to perform its function. After having reviewed the IA reports and remedial actions implemented by the Management, the ARC is satisfied that the internal control functions are adequate and effective.

Corporate Governance Statement

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 the Annual General Meeting by person or proxy and are given adequate opportunity to participate effectively and vote at the general meetings of the Company.

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the newspapers and posted on the SGXNET. General meetings are usually held at venues which are easily accessible by the shareholders.

Pursuant to the provisions in the Company's Constitution, shareholders who are not "relevant intermediaries" may appoint up to two proxies during his or her absence, to attend, speak, vote on his or her behalf at general meetings. Shareholders who are "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board (CPF), are allowed to appoint more than two proxies. This will enable indirect shareholders including CPF investors, to participate in general meetings. Such indirect shareholders where so appointed as proxy, will have the same rights as direct shareholders to attend, speak and vote at general meetings.

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 (AGM) and Extraordinary General Meetings;

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

Corporate Governance Statement

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS (CONT'D)

(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.

During the year 2018, the IR team along with Senior Management engaged more than 74 local and foreign institutional entities over small group meetings, in-house meetings and the following events held in Singapore:

Month	Event	Organiser
February	FY 2018 Post-Results Luncheon	UOB Kay Hian
April	Q1 2018 Post-Results Luncheon	Nomura
August	Q2 2018 Post-Results Luncheon	KGI Securities
September	Citi-SGX New Listing & High Growth Corporate Day 2018	Citibank & SGX

The Company target to provide a sustainable dividend payout. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other relevant factors as the Board may deem appropriate.

The Board of Directors has proposed a final dividend of 2.0 Singapore cents per ordinary share for FY2018, which is subject to the approval by the shareholders at the forthcoming AGM of the Company.

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 AGM to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The AGM is the principal forum for dialogue with shareholders.

The notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least fourteen days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues at the AGM. In 2018, the Chairmen of the ARC and the NCC were present at the AGM to answer those questions relating to the work of these Committees. The external auditors also attended the AGM 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 AGM is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

All resolutions at general meetings are voted by poll so as to better reflect the shareholders' interests and ensure greater transparency. RMG uses electronic poll voting devices to register the votes of shareholders who attend the general meetings.

Corporate Governance Statement

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS (CONT'D)

Provision has been made under Regulation 77A of the Constitution, allowing for shareholders to vote in absentia. Examples of absentia voting are voting via mail, electronic mail or facsimile at the general meetings. However, such methods may only be possible following careful study to ensure that the integrity of information and authentication of the identity of shareholders through the web is not compromised. Therefore, at this point in time, the Company does not allow a shareholder to vote in absentia at general meetings, except through the appointment of a proxy, attorney or in the case of a corporation, a corporate representative, to cast their vote in their stead.

The Company appoints an independent external party as scrutineer for the electronic poll voting process. Prior to the general meeting, the scrutineer will review the proxies and the electronic poll voting system, and attends at the proxy verification process, to ensure that the proxy and poll voting information is compiled correctly.

During the general meeting, the scrutineer attends to ensure that the polling process is properly carried out. The rules, including the voting process, were explained by the scrutineers at such general meetings. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to shareholders immediately at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages are also announced on SGXNet after the general meetings.

The Company prepares minutes of general meetings which record the substantial and relevant comments made and questions raised and makes these available to shareholders upon their request.

Additional Information Required By the Singapore Exchange Securities Trading Limited (SGX–ST)

MATERIAL CONTRACTS

There was no material contract 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 two weeks prior to the announcement of the Group's financial statements for each of the first three quarters of its financial year and one 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 Secretary.

INTERESTED PERSONS TRANSACTIONS

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

In compliance with Listing Manual of the SGX-ST, the Company confirms that IPTs did not exceed $100,000 during FY2018.

Risk Management

ENTERPRISE RISK MANAGEMENT

The Board of Directors is responsible for the governance of risks within the Group. Annually, the Board reviews and approves the risk appetite of the Group, which sets to outline the nature and extent of material risks that the Group is willing to accept to achieve its strategic and business objectives.

With guidance from the Audit and Risk Committee, the Board oversees Management on maintaining a sound system of internal controls and risk management, thereby improve decision-making at both the operational and strategic levels for the Group. The Group's Clinical Leaders and the Audit and Risk Committee govern clinical and corporate risks respectively.

The Group adopts the Enterprise Risk Management (ERM) framework to coordinate different elements in an enterprise to manage risks effectively, and to protect stakeholders' interest. The framework had been adapted to meet the Group's evolving needs, providing a comprehensive and systematic approach to identify significant risks, evaluate risk tolerance, and to facilitate and develop risk policies across the Group.

Enterprise Risk Management Framework

The 4 pillars of our ERM framework are: Board and Management Involvement, Risk Assessment and Management, Training and Communication, and Independent Assurance.

BOARD AND MANAGEMENT INVOLVEMENT

- Sets the approach on risk governance
- Reviews and approves risk appetite
- Provides oversight on internal controls and risk management

RISK ASSESSMENT & MANAGEMENT

Identification & Assessment	Response	Monitoring & Reporting
• Risk appetite & heat map • Entity Risk Assessment	• Avoid • Mitigate • Share • Accept	• Risk reporting • Risk indicators

TRAINING & COMMUNICATION

- Instil a culture of risk awareness and accountability
- Promote accountability

INDEPENDENT ASSURANCE

- Internal audit
- External audit

Strategic Risk

Market and Competition

Although the Group has an established history in the healthcare industry, competition remains keen from both key players and new entrants in the healthcare industry. The Group recognises that it needs to continue to strengthen its competitiveness to retain / grow its market share.

The Company has expanded its regional presence. The Group recognises the need to continue to develop its organisational capabilities to address the opportunities and threats in the diverse markets in Asia in which we operate.

Risk Management

Operational Risk

Environment, Health & Safety (EHS)

The Group continuously strives to maintain high levels of environment, health, and safety standards in our day-to-day operations, for the interests of our various stakeholders. We seek to mitigate our EHS risks with accreditations by locally and internationally recognised standards. Our workplace safety and health policies have been certified by the Workplace Safety and Health Council to have attained BizSAFE Level 3 standards. Our hospital has also received international accreditation according to Joint Commission International (JCI) Hospital Standards.

Compliance Risk

Laws, Regulations & Compliance

Most of the Group's businesses and projects require licenses and government approvals, which could be subject to changing requirements and regulations. Furthermore, upholding ethical standards is a cornerstone of our medical practice. In avoidance of the risk of non-compliance, the Group closely monitors developments in standards and regulations locally, regionally, and globally. Where necessary, the Group will engage with the relevant authorities and subject matter experts to remain abreast of such changes.

Fraud & Corruption

The Group recognises the need to manage its exposure to corruption risk through good corporate governance, business ethics and strong internal controls in our business processes. While control measures can provide reasonable assurance and safeguards, some risk of fraud will always remain. As such, the Group is committed to proceed with the necessary investigations and disciplinary actions on acts relating to fraud and corruption.

Information Technology Risk

Data Security

Data management and protection is paramount given the nature of the information that the Group handles, and Personal Data Protection Act (PDPA) requirements. The Group must protect restricted, confidential or sensitive data from loss and misuse to avoid reputation damage and to avoid adverse impact to our customers. To mitigate the risk of data breaches, the Group has established policies and control measures, including reinforcements to IT infrastructure and staff education. Even with policies and control measures, the Group also acknowledges that our controls may be unable to exhaustively handle all forms of malicious attacks.

Information Technology Systems

Flexible, nimble and reliable IT systems are essential in order to fulfil the Group's overall business strategies. We rely extensively on IT systems for day-to-day operations across our various business functions, to provide better value to our customers. In ensuring the reliability of our IT systems, we also strive to improve our business continuity, communication, and recovery processes. On top of the Group security measures, the Group has engaged external IT Security Specialist to provide Security Operations Centre services to help in IT security monitoring and providing of cyber security advisory. To adapt to technology advances, the Group seeks to continue to invest in upgrading our systems, which may consequently incur significant capital expenditures.

Risk Management

ENTERPRISE RISK MANAGEMENT (CONT'D)

Information Technology Risk (cont'd)

Financial Risk

Given the Group's regional expansion, the Group is exposed to financial risks including credit, liquidity, foreign currency and interest rate risks. The Group continues to place focus on identifying and monitoring financial risks proactively to ensure that risks are being well-managed and mitigated throughout the local and overseas operations.

For more information on the Group's Financial Risk Management, please refer to the Note 16: Financial Instruments to the Financial Statements.

Further details on the Group's risk governance framework and risk management policies are set out in Principle 11: Risk Management and Internal Controls on pages 49 to 50.

Financial Report Contents

Directors' Statement

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 2018.

In our opinion:

(a) the financial statements set out on pages 77 to 163 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 2018 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 (International); 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	
Mr Eric Ang Teik Lim	
Dr Wee Beng Geok	
Professor Lim Pin	
Mr Raymond Lim Siang Keat	
Mr Lim Beng Chee	
Mr Png Cheong Boon	(Appointed on 15 October 2018)
Mr Tan Soo Nan	
Mr Olivier Lim Tse Ghow	
Dr Sarah Lu Qinghui	(Appointed on 20 February 2018)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the 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:

Directors' Statement

Directors' interests (cont'd)

The Company	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year/ date of appointment	At end of the year	At beginning of the year/ date of appointment	At end of the year
		Ordinary Shares		
Dr Loo Choon Yong	177,360,868	180,496,034	731,518,636	744,449,521
Mr Koh Poh Tiong	516,071	516,071	–	–
Mr Kee Teck Koon	60,714	60,000	–	–
Dr Wee Beng Geok	3,459,000	3,459,000	–	–
Professor Lim Pin	2,223,552	2,223,552	–	–
Mr Raymond Lim Siang Keat	150,000	150,000	–	–
Mr Tan Soo Nan	4,536,000	4,536,000	–	–
Mr Olivier Lim Tse Ghow	120,000	120,000	–	–
Dr Sarah Lu Qinghui	–	–	57,400,178	58,414,828

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	210,000	210,000	$1.31	01/04/2015
	150,000	150,000	$1.50	01/04/2016
	100,000	100,000	$1.42	03/04/2017
	–	150,000	$1.09	03/09/2018
Mr Kee Teck Koon	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	120,000	$1.50	01/04/2016
	75,000	75,000	$1.42	03/04/2017
	–	100,000	$1.09	03/09/2018
Dr Wee Beng Geok	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	120,000	$1.50	01/04/2016
	75,000	75,000	$1.42	03/04/2017
	–	100,000	$1.09	03/09/2018
Professor Lim Pin	90,000	90,000	$1.07	01/04/2014
	180,000	180,000	$1.31	01/04/2015
	90,000	90,000	$1.50	01/04/2016
	50,000	50,000	$1.42	03/04/2017
	–	75,000	$1.09	03/09/2018

Directors' Statement

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 Raymond Lim Siang Keat	180,000	180,000	$1.31	01/04/2015
	90,000	90,000	$1.50	01/04/2016
	50,000	50,000	$1.42	03/04/2017
	–	75,000	$1.09	03/09/2018
Mr Lim Beng Chee	45,000	45,000	$1.50	01/04/2016
	50,000	50,000	$1.42	03/04/2017
	–	75,000	$1.09	03/09/2018
Mr Tan Soo Nan	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	150,000	$1.50	01/04/2016
	100,000	100,000	$1.42	03/04/2017
	–	125,000	$1.09	03/09/2018
Mr Olivier Lim Tse Ghow	60,000	60,000	$1.31	01/04/2015
	90,000	90,000	$1.50	01/04/2016
	50,000	50,000	$1.42	03/04/2017
	–	75,000	$1.09	03/09/2018

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). The options in the Company granted in 2013 and 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. The option in the Company granted in 2017 are exercisable during a period commencing 24 months from the Date of Grant for the first 20,000 shares, 36 months from the Date of Grant for the next 20,000 shares and the balance after 48 months and expires at the end of 60 months from the Date of Grant. The options in the Company granted in 2018 are exercisable during a period commencing 24 months from the Date of Grant for the first 30% of options (rounded up to the nearest thousand), 36 months from the Date of Grant for the next 30% of options (rounded up to the nearest thousand) and the balance after 48 months and will expire at the end of 5 years for non-employees 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.

Directors' Statement

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	112,500	112,500	–	–

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, at date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2019.

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:

Mr Eric Ang Teik Lim (Chairman), Non-Executive Director
Mr Koh Poh Tiong, Non-Executive Director
Dr Wee Beng Geok, Non-Executive Director
Professor Lim Pin, Non-Executive Director

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 2018.

Directors' Statement

Share options (cont'd)

Employees' Share Option Scheme (cont'd)

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

(4) As at 31 December 2018, 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 2018*	Options exercised*	Options forfeited/ expired*	Options outstanding at 31 December 2018*	Number of option holders at 31 December 2018
01/04/2008	$0.41	315,000	282,000	33,000	–	–
01/04/2009	$0.26	820,000	399,000	–	421,000	13
01/04/2010	$0.55	2,032,000	468,000	–	1,564,000	41
		3,167,000	1,149,000	33,000	1,985,000	

* 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 directors	Aggregate options granted since commencement of Scheme to 31 December 2018*	Aggregate options exercised since commencement of Scheme to 31 December 2018*	Aggregate options outstanding as at 31 December 2018
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.

(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

Directors' Statement

Share options (cont'd)

Employees' Share Option Scheme (cont'd)

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

(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

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

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 statement, administering the RMG 2010 Scheme comprises the following directors:

Mr Eric Ang Teik Lim (Chairman), Non-Executive Director
Mr Koh Poh Tiong, Non-Executive Director
Dr Wee Beng Geok, Non-Executive Director
Professor Lim Pin, Non-Executive Director

(8) On 3 September 2018, additional options were granted pursuant to the RMG 2010 Scheme to subscribe for ordinary shares at an exercise price of $1.09 as follows:

	Company Number of shares
Directors of the Company and Executive Directors of the subsidiaries	1,700,000
Other participants	6,300,000
	8,000,000

(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 2018, outstanding options to take up unissued ordinary shares in the Company under the RMG 2010 Scheme were as follows:

Date of grant of options	Exercise price per share*	Options outstanding at 1 January 2018*	Options granted*	Options exercised*	Options forfeited/ expired*	Options outstanding at 31 December 2018*	Number of option holders at 31 December 2018
01/04/2011	$0.73	2,799,000	–	170,000	6,000	2,623,000	75
02/04/2012	$0.78	5,421,000	–	189,000	21,000	5,211,000	129
01/04/2013	$1.09	9,062,000	–	–	1,161,000	7,901,000	200
01/04/2014	$1.07	10,941,000	–	21,000	360,000	10,560,000	263
01/04/2015	$1.31	14,096,000	–	–	–	14,096,000	361
01/04/2016	$1.50	10,437,000	–	–	–	10,437,000	303
03/04/2017	$1.42	4,963,000	–	–	–	4,963,000	352
03/09/2018	$1.09	–	8,000,000	–	87,000	7,913,000	410
		57,719,000	8,000,000	380,000	1,635,000	63,704,000	

* After adjustment for Share Split.

Directors' Statement

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 2018	Aggregate options granted since commencement of Scheme to 31 December 2018	Aggregate options exercised since commencement of Scheme to 31 December 2018	Aggregate options lapsed since commencement of Scheme to 31 December 2018	Aggregate options outstanding as at 31 December 2018
Mr Koh Poh Tiong	150,000	1,030,000	420,000	–	610,000
Mr Kee Teck Koon	100,000	985,000	60,000	180,000	745,000
Dr Wee Beng Geok	100,000	1,435,000	450,000	240,000	745,000
Professor Lim Pin	75,000	1,145,000	660,000	–	485,000
Mr Raymond Lim Siang Keat	75,000	545,000	150,000	–	395,000
Mr Lim Beng Chee	75,000	170,000	–	–	170,000
Mr Tan Soo Nan	125,000	1,515,000	450,000	240,000	825,000
Mr Olivier Lim Tse Ghow	75,000	275,000	–	–	275,000
Total	775,000	7,100,000	2,190,000	660,000	4,250,000

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 statement 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

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

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

23 February 2019

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 2018, 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 77 to 163.

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 Singapore Financial Reporting Standards (International) (SFRS(I)s) 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 2018 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)

Key audit matters (cont'd)

Valuation of goodwill ($24,423,000) (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 judgement 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 discount 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)

Key audit matters (cont'd)

Classification and valuation of investment properties ($311,160,000) (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 competency, capabilities and objectivity of the external valuers and held discussion with the external valuers to understand their valuation approach and basis of valuation. We challenged the appropriateness of the key assumptions used by the external valuers, 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 is appropriate. The valuers are members of generally-recognised professional bodies for valuers. The valuation methodologies used by the external valuers 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 contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Shareholdings Statistics. The Shareholdings Statistics is expected to be made available to us after that date.

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.

Independent Auditors' Report

Report on the audit of the financial statements (cont'd)

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 SFRS(I)s, 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.

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.

Independent Auditors' Report

Report on the audit of the financial statements (cont'd)

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

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.

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
23 February 2019

Statements of Financial Position

As at 31 December 2018

		Group			Company		
	Note	2018 $'000	2017 $'000	1 Jan 2017 $'000	2018 $'000	2017 $'000	1 Jan 2017 $'000
Non-current assets							
Property, plant and equipment	4	565,716	384,021	270,066	5,808	7,585	8,040
Intangible assets and goodwill	5	37,287	36,773	30,660	1,167	1,296	93
Investment properties	6	311,160	385,498	371,472	–	–	–
Subsidiaries	25	–	–	–	562,604	551,131	451,431
Deferred tax assets	7	1,011	1,025	437	–	–	–
Trade and other receivables	8	2,590	3,060	4,711	5,869	7,663	7,658
		917,764	810,377	677,346	575,448	567,675	467,222
Current assets							
Inventories		9,320	9,955	9,994	2,341	2,491	2,643
Trade and other receivables	8	83,221	87,259	101,408	151,955	124,626	103,234
Cash and cash equivalents	9	105,984	98,270	111,883	2,609	5,716	32,619
		198,525	195,484	223,285	156,905	132,833	138,496
Total assets		1,116,289	1,005,861	900,631	732,353	700,508	605,718
Equity attributable to owners of the Company							
Share capital	10	365,332	340,201	314,165	365,332	340,201	314,165
Reserves	10	435,157	393,849	352,223	290,560	268,350	242,894
		800,489	734,050	666,388	655,892	608,551	557,059
Non-controlling interests		16,137	17,575	15,456	–	–	–
Total equity		816,626	751,625	681,844	655,892	608,551	557,059
Non-current liabilities							
Loans and borrowings	12	97,189	38,000	16,947	20,775	–	–
Trade and other payables	13	11,380	15,102	4,397	868	58	96
Other financial liabilities	14	–	1,773	8,377	–	–	–
Deferred tax liabilities	7	4,765	4,870	4,853	644	899	722
		113,334	59,745	34,574	22,287	957	818
Current liabilities							
Loans and borrowings	12	19,307	41,204	13,451	19,307	37,262	9,518
Current tax liabilities		13,583	12,904	14,163	1,573	271	1,644
Trade and other payables	13	136,789	126,305	144,728	33,294	53,467	36,679
Other financial liabilities	14	2,790	2,941	166	–	–	–
Insurance contract provisions	15	13,860	11,137	11,705	–	–	–
		186,329	194,491	184,213	54,174	91,000	47,841
Total liabilities		299,663	254,236	218,787	76,461	91,957	48,659
Total equity and liabilities		1,116,289	1,005,861	900,631	732,353	700,508	605,718

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

Consolidated Statement of Profit or Loss

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue	17	489,135	477,583
Other operating income		5,136	3,833
Inventories and consumables used		(57,205)	(54,067)
Purchased and contracted services		(42,313)	(39,559)
Staff costs		(246,182)	(247,600)
Depreciation of property, plant and equipment	4	(17,172)	(14,388)
Amortisation of intangible assets	5	(1,101)	(604)
Operating lease expenses		(13,332)	(13,204)
Other operating expenses		(32,731)	(31,908)
Profit from operating activities		84,235	80,086
Finance income		1,083	936
Finance expenses		(1,184)	(204)
Profit before tax		84,134	80,818
Tax expense	19	(13,331)	(12,157)
Profit for the year	18	70,803	68,661
Profit attributable to:			
Owners of the Company		71,056	70,779
Non-controlling interests		(253)	(2,118)
Profit for the year		70,803	68,661
Earnings per share			
Basic earnings per share (cents)	20	3.98	4.02
Diluted earnings per share (cents)	20	3.97	4.00

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2018

	2018 $'000	2017 $'000
Profit for the year	70,803	68,661
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss:		
Revaluation surplus from transfer of property, plant and equipment to investment property	14,655	–
Item that is or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences - foreign operations	(6,570)	(169)
Total comprehensive income for the year	78,888	68,492
Total comprehensive income attributable to:		
Owners of the Company	79,864	70,495
Non-controlling interests	(976)	(2,003)
Total comprehensive income for the year	78,888	68,492

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

	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 2017	314,165	–	23,745	1,712	(8,543)	335,309	666,388	15,456	681,844
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	70,779	70,779	(2,118)	68,661
Other comprehensive income									
Foreign currency translation differences - foreign operations	–	(284)	–	–	–	–	(284)	115	(169)
Total other comprehensive income for the year	–	(284)	–	–	–	–	(284)	115	(169)
Total comprehensive income for the year	–	(284)	–	–	–	70,779	70,495	(2,003)	68,492
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	5,278	–	–	–	–	–	5,278	–	5,278
Issue of shares in lieu of cash dividends of 1.5 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	20,758	–	–	–	–	–	20,758	–	20,758
Issue of shares to non-controlling interests of subsidiary	–	–	–	–	–	–	–	4,122	4,122
Value of employee services received for issue of share options	–	–	2,449	–	–	–	2,449	–	2,449
Final dividend paid of 1.5 cents per ordinary share - Cash	–	–	–	–	–	(5,535)	(5,535)	–	(5,535)
Final dividend paid of 1.5 cents per ordinary share - Scrip	–	–	–	–	–	(20,758)	(20,758)	–	(20,758)
Interim dividend paid of 0.5 cent per ordinary share - Cash	–	–	–	–	–	(8,854)	(8,854)	–	(8,854)
Total contributions by and distributions to owners	26,036	–	2,449	–	–	(35,147)	(6,662)	4,122	(2,540)
Changes in ownership interests in subsidiaries									
Present value of the exercise price of written put options	–	–	–	–	3,829	–	3,829	–	3,829
Total changes in ownership interests in subsidiaries	–	–	–	–	3,829	–	3,829	–	3,829
Total transactions with owners	26,036	–	2,449	–	3,829	(35,147)	(2,833)	4,122	1,289
At 31 December 2017	340,201	(284)	26,194	1,712	(4,714)	370,941	734,050	17,575	751,625

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

Consolidated Statement of Changes in Equity (cont'd)

Year ended 31 December 2018

	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 2018	340,201	(284)	26,194	1,712	(4,714)	370,941	734,050	17,575	751,625
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	71,056	71,056	(253)	70,803
Other comprehensive income									
Foreign currency translation differences - foreign operations	–	(5,847)	–	–	–	–	(5,847)	(723)	(6,570)
Revaluation surplus from transfer of property, plant and equipment to investment property	–	–	–	14,655	–	–	14,655	–	14,655
Total other comprehensive income for the year	–	(5,847)	–	14,655	–	–	8,808	(723)	8,085
Total comprehensive income for the year	–	(5,847)	–	14,655	–	71,056	79,864	(976)	78,888
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	771	–	–	–	–	–	771	–	771
Issue of shares in lieu of cash dividends of 1.75 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	24,360	–	–	–	–	–	24,360	–	24,360
Value of employee services received for issue of share options	–	–	1,461	–	–	–	1,461	–	1,461
Final dividend paid of 1.75 cents per ordinary share - Cash	–	–	–	–	–	(6,647)	(6,647)	–	(6,647)
Final dividend paid of 1.75 cents per ordinary share - Scrip	–	–	–	–	–	(24,360)	(24,360)	–	(24,360)
Interim dividend paid of 0.5 cent per ordinary share - Cash	–	–	–	–	–	(8,983)	(8,983)	–	(8,983)
Total contributions by and distributions to owners	25,131	–	1,461	–	–	(39,990)	(13,398)	–	(13,398)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control (note 27)	–	–	–	–	(1,951)	–	(1,951)	(462)	(2,413)
Reversal upon the exercise of written put options	–	–	–	–	1,924	–	1,924	–	1,924
Total changes in ownership interests in subsidiaries	–	–	–	–	(27)	–	(27)	(462)	(489)
Total transactions with owners	25,131	–	1,461	–	(27)	(39,990)	(13,425)	(462)	(13,887)
At 31 December 2018	365,332	(6,131)	27,655	16,367	(4,741)	402,007	800,489	16,137	816,626

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

Consolidated Statement of Cash Flows

Year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Profit for the year		70,803	68,661
Adjustments for:			
Amortisation of intangible assets		1,101	604
Impairment loss on goodwill		400	–
Changes in fair value of investment properties		(3,395)	(3,085)
Depreciation of property, plant and equipment		17,172	14,388
Equity-settled share-based payment transactions		1,461	2,449
Finance expenses		1,184	204
Finance income		(1,083)	(936)
(Gain)/Loss on disposal of property, plant and equipment, net		(49)	10
Property, plant and equipment written off		220	143
Tax expense		13,331	12,157
		101,145	94,595
Changes in working capital:			
Inventories		635	39
Trade and other receivables		4,835	16,343
Trade and other payables		(3,086)	(13,109)
Insurance contract provisions		2,723	(568)
Cash generated from operations		106,252	97,300
Tax paid		(12,694)	(13,970)
Interest paid		(2,030)	(637)
Net cash from operating activities		91,528	82,693
Cash flows from investing activities			
Interest received		1,078	952
Proceeds from disposal of property, plant and equipment		121	12
Purchase of property, plant and equipment		(28,557)	(10,007)
Acquisition of intangible assets		(2,850)	(5,888)
Payment for investment properties under development		(72,448)	(125,733)
Net cash used in investing activities		(102,656)	(140,664)
Cash flows from financing activities			
Acquisition of non-controlling interests		(2,413)	–
Dividends paid to owners of the Company		(15,630)	(14,389)
Loan from subsidiary's non-controlling interest		99	233
Proceeds from issue of shares under share option scheme		771	5,278
Proceeds from issue of shares to non-controlling interests of subsidiaries		–	4,122
Proceeds from bank loans		477,199	236,219
Repayment of bank loans		(439,950)	(186,721)
Net cash from financing activities		20,076	44,742
Net increase/(decrease) in cash and cash equivalents		8,948	(13,229)
Cash and cash equivalents at 1 January	9	98,270	111,883
Effect of exchange rate fluctuations on cash held		(1,234)	(384)
Cash and cash equivalents at 31 December	9	105,984	98,270

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

Notes to the Financial Statements

Year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 February 2019.

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 2018 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 Solitaire
Raffles Solitaire International
Raffles Specialist Centre

The Group and the Company are partners 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.

Notes to the Financial Statements

Year ended 31 December 2018

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 have affected the reported financial position is provided in note 28.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

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 SFRS(I)s 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 and 5 – estimation of useful lives and recoverable amounts of property, plant and equipment and intangible assets
- 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.

Notes to the Financial Statements

Year ended 31 December 2018

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

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).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by the Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* 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.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

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.

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.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Written put option in business combination (cont'd)

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 have 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

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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 currencies 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 2018

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. Since 1 January 2017, the Group's date of transition to SFRS(I), such differences have been recognised in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, 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.

3.3 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Non-derivative financial assets – Policy applicable from 1 January 2018 (cont'd)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018 (cont'd)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial assets – Policy applicable before 1 January 2018

The Group classifies non-derivative financial assets into loans and receivables.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were 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 were measured at amortised cost using the effective interest method, less any impairment losses.

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

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings and trade and other payables.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

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.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

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.

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 2018

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

(i) 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.

(ii) Software development in progress

The expenditure capitalised for software development in progress includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the assets for its intended use. Costs associated with maintaining the software are recognised in profit or loss as incurred.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets and goodwill (cont'd)

(ii) Software development in progress (cont'd)

Once the software is available to use, the capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) 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.

(iv) 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.

(v) 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 to 13 years
• Software	8 years

Intangible assets in progress are not amortised.

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.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. The Group considered an own-use portion below ten percent of the measure used will generally be insignificant.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Investment properties and properties under development (cont'd)

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.

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 pharmaceutical and medical supplies, are measured at the lower of cost and net realisable value. The cost of inventories 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 and contract assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for expected credit loss (ECL)s on financial assets measured at amortised cost.

Loss allowances of the Group are measured by 12-month ECLs. These are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months).

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

Non-derivative financial assets and contract assets (cont'd)

Policy applicable from 1 January 2018 (cont'd)

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

Non-derivative financial assets and contract assets (cont'd)

Policy applicable from 1 January 2018 (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter into bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

A financial asset not carried at fair value through profit or loss, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers.

Loans and receivables

The Group considered evidence of impairment for loans and receivables, both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

Non-derivative financial assets and contract assets (cont'd)

Policy applicable before 1 January 2018 (cont'd)

Loans and receivables (cont'd)

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

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.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue (cont'd)

Rendering of services (cont'd)

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

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

The Group's finance income and finance costs include:
- interest income; and
- interest expense.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Finance income and finance expenses (cont'd)

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

3.15 Tax

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets.*

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.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements
- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Applicable to 2021 financial statements
- SFRS(I) 17 *Insurance Contracts*

Mandatory effective data deferred
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

Notes to the Financial Statements

Year ended 31 December 2018

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of accumulated profits at 1 January 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

i. The Group and the Company as lessee

The Group and the Company expect to measure lease liabilities by applying a single discount rate to their portfolio of clinics. Furthermore, the Group and the Company are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group and the Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased every five years to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application.

As at 1 January 2019, the Group expects an increase in ROU assets of $21,431,000 and an increase in lease liabilities of $21,431,000. The Company expects an increase in ROU assets and lease liabilities of $4,017,000 as at 1 January 2019.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

No significant impact is expected for the Group's and the Company's finance leases. The Group and the Company do not expect the adoption of SFRS(I) 16 to impact their ability to comply with the revised maximum leverage threshold loan covenant.

ii. The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

The Group will reassess the classification of sub-leases in which the Group is a lessor. Based on the information currently available, no significant impact is expected for other leases in which the Group is a lessor.

Notes to the Financial Statements

Year ended 31 December 2018

4 PROPERTY, PLANT AND EQUIPMENT

	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												
Cost												
At 1 January 2017	18,500	143,680	97,904	50,330	7,094	1,625	749	14,716	16,691	3,327	1,701	356,317
Reclassification from investment properties (note 6)	–	–	–	–	–	–	–	–	–	–	119,800	119,800
Reclassification to intangible assets (note 5)	–	–	–	–	–	–	–	–	–	–	(1,495)	(1,495)
Additions	–	–	–	2,465	473	538	20	1,511	1,610	312	3,447	10,376
Disposals	–	–	–	(147)	(2)	(6)	(39)	(8)	–	–	–	(202)
Write-off	–	–	–	(1,301)	(160)	(62)	–	(411)	(895)	(156)	–	(2,985)
Transfer/Reclassification	–	–	–	–	–	75	–	126	2	–	(203)	–
Effect of movements in exchange rates	–	–	–	(128)	(5)	(3)	3	59	(52)	–	–	(126)
At 31 December 2017	18,500	143,680	97,904	51,219	7,400	2,167	733	15,993	17,356	3,483	123,250	481,685
Reclassification to investment property – depreciation offset	–	(313)	(294)	–	–	–	–	–	–	–	–	(607)
Revaluation of property reclassified to investment property	–	9,428	5,227	–	–	–	–	–	–	–	–	14,655
Reclassification to investment properties (note 6)	–	(11,614)	(6,689)	–	–	–	–	–	–	–	–	(18,303)
Reclassification from investment properties (note 6)	–	–	–	–	–	–	–	–	–	–	179,501	179,501
Additions	–	–	17,762	6,690	1,215	116	–	1,157	617	740	347	28,644
Disposals	–	–	–	(664)	(7)	(5)	–	(31)	–	(1)	–	(708)
Write-off	–	–	–	(3,713)	(96)	(7)	–	(574)	(284)	(48)	–	(4,722)
Transfer/Reclassification	–	66,967	56,073	11	(47)	37	–	93	16	–	(123,150)	–
Effect of movements in exchange rates	–	–	–	6	(3)	(4)	–	(2)	16	–	(5,370)	(5,357)
At 31 December 2018	18,500	208,148	169,983	53,549	8,462	2,304	733	16,636	17,721	4,174	174,578	674,788

Reclassification from investment properties

During the year, $179,501,000 (2017: $119,800,000) was transferred from investment properties to property, plant and equipment as the properties' intended own use has been finalised.

Notes to the Financial Statements

Year ended 31 December 2018

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 2017	–	12,954	14,977	30,262	3,053	879	182	10,630	11,291	2,023	–	86,251
Depreciation charge for the year	–	2,122	2,406	4,454	663	288	71	2,161	2,014	209	–	14,388
Disposals	–	–	–	(127)	–	(6)	(39)	(8)	–	–	–	(180)
Write-off	–	–	–	(1,288)	(107)	(52)	–	(410)	(835)	(150)	–	(2,842)
Effect of movements in exchange rates	–	–	–	(36)	(3)	(1)	3	75	9	–	–	47
At 31 December 2017	–	15,076	17,383	33,265	3,606	1,108	217	12,448	12,479	2,082	–	97,664
Reclassification to investment property – depreciation offset	–	(313)	(294)	–	–	–	–	–	–	–	–	(607)
Depreciation charge for the year	–	3,200	3,553	5,071	698	341	71	2,086	1,905	247	–	17,172
Disposals	–	–	–	(596)	(5)	(4)	–	(30)	–	(1)	–	(636)
Write-off	–	–	–	(3,709)	(44)	(5)	–	(574)	(124)	(46)	–	(4,502)
Effect of movements in exchange rates	–	–	–	(11)	(3)	(2)	–	4	(7)	–	–	(19)
At 31 December 2018	–	17,963	20,642	34,020	4,252	1,438	288	13,934	14,253	2,282	–	109,072
Carrying amounts												
At 1 January 2017	18,500	130,726	82,927	20,068	4,041	746	567	4,086	5,400	1,304	1,701	270,066
At 31 December 2017	18,500	128,604	80,521	17,954	3,794	1,059	516	3,545	4,877	1,401	123,250	384,021
At 31 December 2018	18,500	190,185	149,341	19,529	4,210	866	445	2,702	3,468	1,892	174,578	565,716

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Year ended 31 December 2018

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Motor vehicles $'000	Computers $'000	Renovations $'000	Fixed asset work in progress $'000	Total $'000
Company								
Cost								
At 1 January 2017	4,159	2,388	948	680	5,486	6,318	694	20,673
Reclassification to intangible assets (note 5)	–	–	–	–	–	–	(534)	(534)
Additions	257	203	449	20	896	437	204	2,466
Disposal	–	(2)	–	–	(6)	–	–	(8)
Write-off	(75)	(111)	(38)	–	(67)	(168)	–	(459)
Transfer	–	–	75	–	80	2	(157)	–
At 31 December 2017	4,341	2,478	1,434	700	6,389	6,589	207	22,138
Additions	226	17	28	–	417	81	52	821
Disposal	–	–	–	–	–	–	(86)	(86)
Write-off	(22)	(66)	(5)	–	(97)	(270)	–	(460)
Transfer/Reclassification	11	(48)	37	–	93	14	(107)	–
At 31 December 2018	4,556	2,381	1,494	700	6,802	6,414	66	22,413
Accumulated depreciation								
At 1 January 2017	1,836	1,220	475	181	4,006	4,915	–	12,633
Depreciation charge for the year	447	222	185	59	775	632	–	2,320
Disposal	–	–	–	–	(5)	–	–	(5)
Write-off	(74)	(67)	(32)	–	(66)	(156)	–	(395)
At 31 December 2017	2,209	1,375	628	240	4,710	5,391	–	14,553
Depreciation charge for the year	466	206	236	59	837	559	–	2,363
Write-off	(21)	(23)	(4)	–	(97)	(166)	–	(311)
At 31 December 2018	2,654	1,558	860	299	5,450	5,784	–	16,605
Carrying amounts								
At 1 January 2017	2,323	1,168	473	499	1,480	1,403	694	8,040
At 31 December 2017	2,132	1,103	806	460	1,679	1,198	207	7,585
At 31 December 2018	1,902	823	634	401	1,352	630	66	5,808

Notes to the Financial Statements

Year ended 31 December 2018

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 2018 $'000	2017 $'000	1 Jan 2017 $'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	710	736	762
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 27/01/1984	204	211	219
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	988	1,024	1,060
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	1,269	1,311	1,353
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	795	821	848
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	637	658	678
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	5,041	5,125	5,208
A hospital building, located at 585 North Bridge Road, Singapore 188770, held for use as a hospital and medical centre	28,887.1*	99 years commencing from 01/03/1979	188,621	179,319	183,131
A building, located at 585 North Bridge Road, Singapore 188770	20,385.30^	99 years commencing from 01/03/1979	121,815	–	–
A building, located at 25 Tannery Lane, Singapore 347786, held for use as administrative and support office	3,295.5	Freehold	20,218	20,382	20,547
A shopping mall, located at 118 Holland Avenue, Singapore 278997, held for use as a medical centre	6,011.4#	99 years commencing from 18/01/1985	17,728	18,038	18,347
			358,026	227,625	232,153

* Includes commercial space of 826.2 sq m (2017: 284.4 sq m; 1 Jan 2017: 284.4 sq m) classified as investment properties.

^ Includes commercial space of 6,829.5 sq m classified as investment properties.

Includes commercial space of 4,981.1 sq m (2017: 4,981.1 sq m; 1 Jan 2017: 4,981.1 sq m) classified as investment properties.

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Year ended 31 December 2018

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

	Goodwill	Customer relationship	Membership rights	Assignment fees	Software under development	Software	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Cost							
At 1 January 2017	26,273	4,599	164	612	–	–	31,648
Additions	–	–	–	–	1,742	4,146	5,888
Reclassification from property, plant and equipment (note 4)	–	–	–	–	641	854	1,495
Effects of movement in exchange rate	(587)	(79)	–	–	–	–	(666)
At 31 December 2017	25,686	4,520	164	612	2,383	5,000	38,365
Additions	–	–	–	–	2,707	143	2,850
Transfer	–	–	–	–	(1,768)	1,768	–
Effects of movement in exchange rate	(711)	(116)	–	–	(8)	–	(835)
At 31 December 2018	24,975	4,404	164	612	3,314	6,911	40,380
Accumulated amortisation and impairment losses							
At 1 January 2017	152	224	–	612	–	–	988
Amortisation	–	406	–	–	–	198	604
At 31 December 2017	152	630	–	612	–	198	1,592
Amortisation	–	414	–	–	–	687	1,101
Impairment loss	400	–	–	–	–	–	400
At 31 December 2018	552	1,044	–	612	–	885	3,093
Carrying amounts							
At 1 January 2017	26,121	4,375	164	–	–	–	30,660
At 31 December 2017	25,534	3,890	164	–	2,383	4,802	36,773
At 31 December 2018	24,423	3,360	164	–	3,314	6,026	37,287

Notes to the Financial Statements

Year ended 31 December 2018

5 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

	Membership rights $'000	Goodwill $'000	Software $'000	Total $'000
Company				
Cost				
At 1 January 2017	93	152	–	245
Additions	–	–	708	708
Reclassification from property, plant and equipment (note 4)	–	–	534	534
At 31 December 2017	93	152	1,242	1,487
Additions	–	–	28	28
At 31 December 2018	93	152	1,270	1,515
Accumulated amortisation and impairment losses				
At 1 January 2017	–	152	–	152
Amortisation	–	–	39	39
At 31 December 2017	–	152	39	191
Amortisation	–	–	157	157
At 31 December 2018	–	152	196	348
Carrying amounts				
At 1 January 2017	93	–	–	93
At 31 December 2017	93	–	1,203	1,296
At 31 December 2018	93	–	1,074	1,167

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		
	2018 $'000	2017 $'000	1 Jan 2017 $'000
Group			
China clinics	21,435	22,208	22,521
Cambodia clinic	2,988	3,326	3,600
	24,423	25,534	26,121

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 CGUs.

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Year ended 31 December 2018

5 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

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

	2018 %	2017 %	1 Jan 2017 %
Group			
Discount rate	14.2 – 22.1	13.3 – 19.3	14.4 – 20.6
Terminal growth rate	3.0	2.5 – 3.0	0.2 – 2.4
Revenue growth rate for next five years	7.1 – 24.4	10.2 – 18.8	7.5 – 14.3

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 CGUs operate.

Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated growth for the next five years.

Management has identified that a reasonably possible change in the below key assumptions on revenue growth could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which this key assumption would need to change for the respective CGUs for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount		
	2018 %	2017 %	1 Jan 2017 %
Revenue growth rate in respect of:			
China clinics	2.1	3.1	5.4
Cambodia clinic	–	5.3	7.3

Cambodia Clinic

Impairment loss was recognised in relation to the goodwill in the Cambodia clinic cash-generating unit (CGU) as follows:

	Group	
	2018 $'000	2017 $'000
Goodwill	400	–

Notes to the Financial Statements

Year ended 31 December 2018

5 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Cambodia Clinic (cont'd)

The recoverable amount of the Cambodia Clinic CGU was 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. The carrying amount of the CGU was determined to be higher than its recoverable amount by $400,000 and an impairment loss of $400,000 during 2018 (2017: NIL; 1 Jan 2017: NIL) was recognised. The impairment loss was fully allocated to goodwill and included in 'other expenses'.

Following the impairment loss recognised in the Group's Cambodia clinic CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

Source of estimation uncertainty

The cost of intangible assets, other than goodwill, are amortised on a straight-line basis over their useful lives. Management estimates the useful lives of these intangible assets to be between 7 to 13 years. The Group reviews annually the estimated useful lives of intangible assets 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 intangible assets would increase amortisation expense and decrease non-current assets.

6 INVESTMENT PROPERTIES

		Group	
	Note	2018	2017
		$'000	$'000
At 1 January		385,498	371,472
Additions		83,465	131,041
Reclassification to property, plant and equipment	4	(179,501)	(119,800)
Reclassification from property, plant and equipment	4	18,303	–
Changes in fair value		3,395	3,085
Effects of movement in exchange rate		–	(300)
At 31 December		311,160	385,498

(a) Investment properties relate to the shop units within Raffles Hospital Building and Raffles Specialist Centre, 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 5 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) During the financial year ended 31 December 2018, premises previously occupied by owner were converted into commercial spaces. Accordingly, a portion of the leasehold land and properties previously classified under property, plant and equipment were transferred to investment properties.

(c) Staff costs of $6,366,000 (2017: $6,168,000) and borrowing costs of $808,000 (2017: $687,000) were capitalised during the year.

Notes to the Financial Statements

Year ended 31 December 2018

6 INVESTMENT PROPERTIES (CONT'D)

(d) As at 31 December 2018, investment properties under development amounted to $179,501,000 (2017: $119,800,000) were transferred to property, plant and equipment due to the properties' intended own use has been finalised.

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	826.2 (2017: 284.4; 1 Jan 2017: 284.4)
Units within Raffles Specialist Centre, located at 585 North Bridge Road, Singapore 188770	99 years commencing from 01/03/1979	6,829.5 (2017: Nil; 1 Jan 2017: Nil)
Units within Samsung Hub, located at 3 Church Street Singapore 049483	999 years commencing from 25/01/1827	491.0 (2017: 491.0; 1 Jan 2017: 491.0)
Units within Raffles Holland V, located at 118 Holland Avenue, Singapore 278997	99 years commencing from 18/01/1985	4,981.1 (2017: 4,981.1; 1 Jan 2017: 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. (2017: 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 $311,160,000 (2017: $284,510,000; 1 Jan 2017: $135,180,000) 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 2018

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.

	Note	Group 2018 $'000	Group 2017 $'000
At 1 January		284,510	135,180
Reclassification to property, plant and equipment	4	–	(119,800)
Reclassification from property, plant and equipment	4	18,303	–
Additions		4,952	266,045
Gain included in other operating income			
– Changes in fair value		3,395	3,085
At 31 December		311,160	284,510

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 3.75% to 6.25% (2017: 4.0% to 6.5%; 1 Jan 2017: 4.0% to 7.0%) • Discount rates 7.5% (2017: 7.5% to 7.75%; 1 Jan 2017: 7.5% to 8.0%) • Terminal yield rates 4.25% to 5.6% (2017: 4.25% to 5.6%; 1 Jan 2017: 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% (2017: 3.5%; 1 Jan 2017: 3.5%)	The estimated fair value varies inversely against the term and reversion rate.

Notes to the Financial Statements

Year ended 31 December 2018

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 2017 $'000	Recognised in profit or loss (note 19) $'000	Exchange differences $'000	At 31 December 2017 $'000	Recognised in profit or loss (note 19) $'000	Exchange differences $'000	At 31 December 2018 $'000
Group							
Deferred tax assets							
Property, plant and equipment	(67)	(18)	5	(80)	28	(1)	(53)
Unutilised tax losses	(248)	(693)	–	(941)	–	33	(908)
Other items	(122)	117	1	(4)	(45)	(1)	(50)
	(437)	(594)	6	(1,025)	(17)	31	(1,011)
Deferred tax liabilities							
Property, plant and equipment	4,017	371	–	4,388	36	–	4,424
Intangible assets	1,056	(91)	(17)	948	(91)	(29)	828
Other items	(220)	(246)	–	(466)	(21)	–	(487)
	4,853	34	(17)	4,870	(76)	(29)	4,765

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7 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

	At 1 January 2017 $'000	Recognised in profit or loss $'000	At 31 December 2017 $'000	Recognised in profit or loss $'000	At 31 December 2018 $'000
Company					
Deferred tax liabilities					
Property, plant and equipment	785	195	980	(151)	829
Other items	(63)	(18)	(81)	(104)	(185)
	722	177	899	(255)	644

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		
	2018 $'000	2017 $'000	1 Jan 2017 $'000
Tax losses	39,248	41,303	33,266

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

Notes to the Financial Statements

Year ended 31 December 2018

8 TRADE AND OTHER RECEIVABLES

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables	69,725	59,075	51,680	22,560	17,577	13,312
Allowance for impairment	(5,915)	(3,329)	(3,743)	(2,342)	(523)	(621)
Net receivables	63,810	55,746	47,937	20,218	17,054	12,691
Deposits	3,451	5,412	5,339	1,864	2,572	2,913
Staff loans	1,501	582	1,582	600	398	691
Other receivables	15,041	26,452	48,380	397	–	4
Amounts due from subsidiaries:						
- trade	–	–	–	17,059	29,599	14,735
- non-trade (see note below)	–	–	–	116,911	81,908	79,135
	83,803	88,192	103,238	157,049	131,531	110,169
Prepayments	2,008	2,127	2,881	775	758	723
	85,811	90,319	106,119	157,824	132,289	110,892
Non-current	2,590	3,060	4,711	5,869	7,663	7,658
Current	83,221	87,259	101,408	151,955	124,626	103,234
	85,811	90,319	106,119	157,824	132,289	110,892

	Company		
	2018	2017	1 Jan 2017
	$'000	$'000	$'000
Amounts due from subsidiaries (non-trade)	116,911	84,008	81,235
Allowance for impairment	–	(2,100)	(2,100)
Net receivables	116,911	81,908	79,135

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 interest of subsidiaries acquired in 2015. These amounts are unsecured, interest-free and payable 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.

Notes to the Financial Statements

Year ended 31 December 2018

9 CASH AND CASH EQUIVALENTS

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Fixed deposits	44,578	37,855	81,138	109	2,765	29,516
Cash at bank and in hand *	61,406	60,415	30,745	2,500	2,951	3,103
	105,984	98,270	111,883	2,609	5,716	32,619

* 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 1.81% (2017: 1.19%; 1 Jan 2017: 0.97%) and 1.45% (2017: 1.00%; 1 Jan 2017: 0.96%) respectively. Interest rates re-price at intervals of one week to three months (2017 and 1 Jan 2017: one week to four months).

10 CAPITAL AND RESERVES

Share capital

	Group and Company			
	2018		2017	
	No. of shares '000	$'000	No. of shares '000	$'000
Fully paid ordinary shares, with no par value:				
At 1 January	1,771,039	340,201	1,748,164	314,165
Issue of shares under scrip dividend	24,606	24,360	16,475	20,758
Issue of shares under share option scheme	1,529	771	6,400	5,278
At 31 December	1,797,174	365,332	1,771,039	340,201

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.

During the financial year, the Company issued 24,606,430 shares at $0.99 per share (2017: 16,474,652 shares at $1.26 per share) to shareholders in lieu of cash dividends of 1.75 cents (2017: 1.50 cents) per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme.

Notes to the Financial Statements

Year ended 31 December 2018

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 1,529,000 (2017: 6,400,000) 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	
	$	2018	2017
02/04/2007	0.38	–	228,000
01/04/2008	0.41	282,000	201,000
01/04/2009	0.26	399,000	671,000
01/04/2010	0.55	468,000	563,000
01/04/2011	0.73	170,000	501,000
02/04/2012	0.78	189,000	1,460,000
01/04/2013	1.09	–	1,020,000
01/04/2014	1.07	21,000	1,218,000
01/04/2015	1.31	–	538,000
		1,529,000	6,400,000

* 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		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Translation reserve	(6,131)	(284)	–	–	–	–
Share option reserve	27,655	26,194	23,745	27,655	26,194	23,745
Revaluation reserve	16,367	1,712	1,712	–	–	–
Other reserve	(4,741)	(4,714)	(8,543)	–	–	–
Accumulated profits	402,007	370,941	335,309	262,905	242,156	219,149
	435,157	393,849	352,223	290,560	268,350	242,894

Notes to the Financial Statements

Year ended 31 December 2018

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.

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 difference between the carrying amount of the property, plant and equipment and its fair value at the date of reclassification to investment properties.

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), and the difference of the net recognised amount of the identifiable assets acquired and liabilities assumed over fair value of the consideration on the acquisition of the non-controlling interests.

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

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.

Notes to the Financial Statements

Year ended 31 December 2018

11 EMPLOYEE SHARE OPTIONS (CONT'D)

RMG 2010 Scheme

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

Information regarding the scheme is as follows:

(i) Subject to any adjustment pursuant to any variation of the share capital of the Company, the subscription price for each share under the RMG 2010 Scheme shall be:

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

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

Notes to the Financial Statements

Year ended 31 December 2018

11 EMPLOYEE SHARE OPTIONS (CONT'D)

RMG 2010 Scheme (cont'd)

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

	Weighted average exercise price 2018 $	No. of options 2018 '000	Weighted average exercise price 2017 $	No. of options 2017 '000
Outstanding at 1 January	1.158	60,886	1.101	62,806
Granted during the year	1.090	8,000	1.420	5,000
Forfeited/expired during the year	1.067	(1,668)	0.906	(520)
Exercised during the year	0.504	(1,529)	0.825	(6,400)
Outstanding at 31 December	1.167	65,689	1.158	60,886
Exercisable at 31 December	1.128	48,106	1.030	41,625

Options under RMG 2000 Scheme and RMG 2010 Scheme exercised in 2018 resulted in 1,529,000 ordinary shares being issued at weighted average exercise price of $0.504 each.

In 2018, 1,668,000 options under RMG 2000 Scheme and RMG 2010 Scheme were forfeited at weighted average exercise price of $1.067 each.

Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $1.10 (2017: $1.29; 1 Jan 2017: $1.49) per share.

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* $	2018 '000	2017 '000	1 Jan 2017* '000
02/04/2007	01/04/2017	0.38	–	–	306
01/04/2008	31/03/2018	0.41	–	315	525
01/04/2009	31/03/2019	0.26	421	820	1,536
01/04/2010	31/03/2020	0.55	1,564	2,032	2,595
01/04/2011	31/03/2021	0.73	2,623	2,799	3,306
02/04/2012	01/04/2017	0.78	–	–	555
02/04/2012	01/04/2022	0.78	5,211	5,421	6,329
01/04/2013	31/03/2018	1.09	–	840	840
01/04/2013	31/03/2023	1.09	7,901	8,222	9,287
01/04/2014	31/03/2019	1.07	990	990	1,230
01/04/2014	31/03/2024	1.07	9,570	9,951	11,226
01/04/2015	31/03/2020	1.31	1,485	1,485	1,485
01/04/2015	31/03/2025	1.31	12,611	12,611	13,149
01/04/2016	31/03/2021	1.50	1,002	1,002	1,002
01/04/2016	31/03/2026	1.50	9,435	9,435	9,435
03/04/2017	02/04/2022	1.42	625	625	–
03/04/2017	02/04/2027	1.42	4,338	4,338	–
03/09/2018	02/09/2023	1.09	900	–	–
03/09/2018	02/09/2028	1.09	7,013	–	–
			65,689	60,886	62,806

* After adjustment for Share Split.

Notes to the Financial Statements

Year ended 31 December 2018

11 EMPLOYEE SHARE OPTIONS (CONT'D)

RMG 2010 Scheme (cont'd)

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.

	Group	
Date of grant of options	**03/09/2018**	**03/04/2017**
Fair value of share options and assumptions		
Fair value at measurement date	\$0.189 – \$0.228	\$0.213 – \$0.252
Share price	\$1.09	\$1.43
Exercise price	\$1.09	\$1.42
Expected volatility	22.70%	17.44%
Expected option life	4.0 – 6.3 years	4.0 – 5.9 years
Expected dividend yield	1.89%	1.33%
Risk-free interest rate	2.32%	2.09%

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		
	2018	**2017**	**1 Jan 2017**	**2018**	**2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-current liabilities						
Unsecured bank loans	97,189	38,000	16,947	20,775	–	–
Current liabilities						
Unsecured bank loans	19,307	41,204	13,451	19,307	37,262	9,518

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 2018

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	2018 Face value	2018 Carrying amount	2017 Face value	2017 Carrying amount	1 Jan 2017 Face value	1 Jan 2017 Carrying amount
		%		$'000	$'000	$'000	$'000	$'000	$'000
Group									
Unsecured bank loan	S$	0.65% + SWAP	2021	60,849	60,631	–	–	–	–
Unsecured bank loan	HK$	2.11	2019	7,459	7,459	–	–	–	–
Unsecured bank loan	JPY	0.55	2019	1,773	1,773	–	–	–	–
Unsecured bank loan	S$	2.25	2019	10,075	10,075	–	–	–	–
Unsecured bank loan	CNY	103% of 1-5 years PBOC Base Rate	2021	36,558	36,558	–	–	–	–
Unsecured bank loan	S$	0.75% + SGD SOR	2017 - 2018	–	–	42,000	41,942	21,000	20,880
Unsecured bank loan	HK$	1.64	2018	–	–	7,195	7,195	–	–
Unsecured bank loan	US$	2.08	2018	–	–	663	663	–	–
Unsecured bank loan	JPY	0.69	2018	–	–	1,387	1,387	–	–
Unsecured bank loan	S$	1.38	2018	–	–	28,017	28,017	–	–
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
Total interest-bearing liabilities				116,714	116,496	79,262	79,204	30,518	30,398
Company									
Unsecured bank loan	S$	0.65% + SWAP	2021	20,849	20,775	–	–	–	–
Unsecured bank loan	HK$	2.11	2019	7,459	7,459	–	–	–	–
Unsecured bank loan	JPY	0.55	2019	1,773	1,773	–	–	–	–
Unsecured bank loan	S$	2.25	2019	10,075	10,075	–	–	–	–
Unsecured bank loan	HK$	1.64	2018	–	–	7,195	7,195	–	–
Unsecured bank loan	US$	2.08	2018	–	–	663	663	–	–
Unsecured bank loan	JPY	0.69	2018	–	–	1,387	1,387	–	–
Unsecured bank loan	S$	1.38	2018	–	–	28,017	28,017	–	–
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
Total interest-bearing liabilities				40,156	40,082	37,262	37,262	9,518	9,518

Notes to the Financial Statements

Year ended 31 December 2018

12 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		
	Loans and borrowings $'000	Loan due to subsidiary's non-controlling interest $'000	Total $'000
Group			
Balance as at 1 January 2018	79,204	2,204	81,408
Changes from financing cash flows			
Proceeds from bank loans	477,199	–	477,199
Proceeds from loan due to subsidiary's non-controlling interest	–	99	99
Repayment of bank loans	(439,950)	–	(439,950)
Total changes from financing cash flows	37,249	99	37,348
The effect of changes in foreign exchange rates	43	99	142
Balance as at 31 December 2018	116,496	2,402	118,898
Balance as at 1 January 2017	30,398	2,053	32,451
Changes from financing cash flows			
Proceeds from bank loans	236,219	–	236,219
Proceeds from loan due to subsidiary's non-controlling interest	–	233	233
Repayment of bank loans	(186,721)	–	(186,721)
Total changes from financing cash flows	49,498	233	49,731
The effect of changes in foreign exchange rates	(692)	(82)	(774)
Balance as at 31 December 2017	79,204	2,204	81,408

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13 TRADE AND OTHER PAYABLES

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	30,376	37,831	56,227	3,393	3,836	3,089
Accrued operating expenses	89,285	59,206	50,143	17,931	8,569	8,851
Amounts due to subsidiaries:						
– trade	–	–	–	5,657	11,164	9,117
– non-trade	–	–	–	2,971	26,113	11,957
Loan due to subsidiary's non-controlling interest	2,402	2,204	2,053	–	–	–
Deferred income	1,352	1,092	1,545	119	–	–
Deposits received	2,926	2,512	2,058	172	264	223
Other payables	21,828	38,562	37,099	3,919	3,579	3,538
	148,169	141,407	149,125	34,162	53,525	36,775
Non-current	11,380	15,102	4,397	868	58	96
Current	136,789	126,305	144,728	33,294	53,467	36,679
	148,169	141,407	149,125	34,162	53,525	36,775

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 interest of subsidiaries acquired in 2015. 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		
	2018	2017	1 Jan 2017
	$'000	$'000	$'000
Present value of the exercise price of written put options	2,790	4,714	8,543
Non-current	–	1,773	8,377
Current	2,790	2,941	166
	2,790	4,714	8,543

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14 OTHER FINANCIAL LIABILITIES (CONT'D)

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					
	2018			2017		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January	31,534	(20,397)	11,137	29,986	(18,281)	11,705
Provision made	64,939	(34,926)	30,013	52,144	(24,220)	27,924
Provision used	(47,069)	19,779	(27,290)	(50,596)	22,104	(28,492)
At 31 December	49,404	(35,544)	13,860	31,534	(20,397)	11,137

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.

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.

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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.

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.

Trade and other receivables

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 cash and cash equivalents, trade and other receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables which no loss allowance is recognised because of collateral.

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16 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Comparative information under FRS 39

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

	Gross	Impairment losses	Gross	Impairment losses
	2017	2017	1 Jan 2017	1 Jan 2017
	$'000	$'000	$'000	$'000
Group				
No credit terms	26,757	–	52,304	–
Neither past due nor impaired	36,677	–	24,740	–
Past due 0 – 30 days	7,013	13	12,138	191
Past due 31 – 180 days	14,706	1,522	11,524	1,442
Past due 181 – 365 days	5,541	1,402	5,551	1,684
More than one year	827	392	724	426
	91,521	3,329	106,981	3,743
Company				
No credit terms	86,580	2,100	84,152	2,100
Neither past due nor impaired	37,813	–	20,528	–
Past due 0 – 30 days	2,849	–	3,337	–
Past due 31 – 180 days	5,521	–	3,514	–
Past due 181 – 365 days	1,391	523	1,359	621
	134,154	2,623	112,890	2,721

In the prior year, the Group and the Company established the allowance for impairment that represented its estimated of incurred losses in respect of trade and other receivables. The main components of this allowance were 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 had been incurred but not yet identified. The collective loss allowance was determined based on historical data of payment statistics for similar financial assets.

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

At 31 December 2017 and 1 January 2017, an impairment loss of the Company of $2,100,000 related to a subsidiary that had indicated that it was not expecting to be able to pay its outstanding balance, mainly due to economic circumstances.

Notes to the Financial Statements

Year ended 31 December 2018

16 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Expected credit loss assessment for trade and other receivables as at 1 January and 31 December 2018

Trade receivables

Group and Company

The Group and Company use an allowance matrix to measure the ECLs of trade receivables from individual, customers, which comprise a very large number of small balances. As the Group and Company's past default experience does not show significantly different loss patterns for different customer segments, the allowance matrix is not further distinguished between the different customer bases.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018:

	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit impaired
	%	$'000	$'000	
Group				
No credit terms	–	15,762	–	No
Neither past due nor impaired	1.02	36,803	375	No
Past due 0 – 30 days	3.70	11,442	423	No
Past due 31 – 180 days	9.24	15,896	1,468	No
Past due 181 – 365 days	24.76	6,216	1,539	Yes
More than one year	58.63	3,599	2,110	Yes
		89,718	5,915	
Company				
No credit terms	–	119,172	–	No
Neither past due nor impaired	1.04	25,847	268	No
Past due 0 – 30 days	7.03	3,199	225	No
Past due 31 – 180 days	11.39	7,787	887	No
Past due 181 – 365 days	13.37	1,750	234	Yes
More than one year	44.50	1,636	728	Yes
		159,391	2,342	

The ECLs on trade receivables are estimated using an allowance matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. Management believes that there is no indication that any macro-economic factor will have a significant direct and immediate impact on the credit quality of its receivables.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Notes to the Financial Statements

Year ended 31 December 2018

16 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group	Company
	Collective impairments	Collective impairments
	$'000	$'000
At 1 January 2017 per FRS 39	3,743	2,721
Impairment loss recognised	1,481	701
Impairment loss utilised	(1,895)	(799)
At 31 December 2017 per FRS 39	3,329	2,623

	Group	Company
	Lifetime ECL	Lifetime ECL
	$'000	$'000
At 1 January 2018 per FRS 39 and SFRS(I) 9	3,329	2,623
Impairment loss recognised	3,010	1,893
Impairment loss utilised	(424)	(2,174)
At 31 December 2018 per SFRS(I) 9	5,915	2,342

Other receivables

Group

Impairment on deposits has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. Other receivables are considered to have low credit risk as they are not due for payment at the end of reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. The amount of the allowance on other receivables was negligible.

Amounts due from subsidiaries

Company

Impairment on the amounts due from subsidiaries has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant as none of the amounts due from related corporations at the end of the reporting period is past due and there has been no significant increase in the risk of default on these balances since initial recognition.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $105,984,000 and $2,609,000 respectively at 31 December 2018 (2017: $98,270,000 and $5,716,000 respectively; 1 Jan 2017: $111,883,000 and $32,619,000 respectively). 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.

Notes to the Financial Statements

Year ended 31 December 2018

16 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Cash and cash equivalents (cont'd)

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

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

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

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 Shanghai Project and Raffles Hospital Chongqing 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 2018				
Non-derivative financial liabilities				
Unsecured bank loans	116,496	(117,851)	(20,444)	(97,407)
Other financial liabilities	2,790	(2,790)	(2,790)	–
Trade and other payables*	146,817	(146,817)	(135,437)	(11,380)
	266,103	(267,458)	(158,671)	(108,787)
31 December 2017				
Non-derivative financial liabilities				
Unsecured bank loans	79,204	(80,002)	(41,949)	(38,053)
Other financial liabilities	4,714	(4,714)	(2,941)	(1,773)
Trade and other payables*	140,315	(140,315)	(125,213)	(15,102)
	224,233	(225,031)	(170,103)	(54,928)
1 January 2017				
Non-derivative financial liabilities				
Unsecured bank loans	30,398	(31,035)	(13,814)	(17,221)
Other financial liabilities	8,543	(8,543)	(166)	(8,377)
Trade and other payables*	147,580	(147,580)	(143,183)	(4,397)
	186,521	(187,158)	(157,163)	(29,995)

Notes to the Financial Statements

Year ended 31 December 2018

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 2018				
Non-derivative financial liabilities				
Unsecured bank loans	40,082	(40,297)	(19,447)	(20,850)
Trade and other payables*	34,043	(34,043)	(33,175)	(868)
	74,125	(74,340)	(52,622)	(21,718)
31 December 2017				
Non-derivative financial liabilities				
Unsecured bank loans	37,262	(37,310)	(37,310)	–
Trade and other payables*	53,525	(53,525)	(53,467)	(58)
	90,787	(90,835)	(90,777)	(58)
1 January 2017				
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)

* 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

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

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.

Notes to the Financial Statements

Year ended 31 December 2018

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 as reported to the management of the Group is as follows:

	EUR $'000	HK$ $'000	US$ $'000	JPY $'000	S$ $'000
Group					
31 December 2018					
Trade and other receivables	–	–	2,467	–	–
Trade and other payables	(350)	–	(4,395)	–	(4)
Amount owing (to)/from subsidiaries (net)	–	(2,633)	(6,957)	3,410	(3,792)
Loans and borrowings	–	(7,459)	–	(1,773)	–
	(350)	(10,092)	(8,885)	1,637	(3,796)
31 December 2017					
Trade and other receivables	131	–	14,314	–	61
Trade and other payables	(463)	–	(7,840)	–	(53)
Amount owing (to)/from subsidiaries (net)	–	–	(7,376)	2,032	(3,143)
Loans and borrowings	–	(7,195)	(661)	(1,391)	–
	(332)	(7,195)	(1,563)	641	(3,135)
1 January 2017					
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	–	(7,744)	(1,143)	(631)	–
	(161)	(7,744)	(709)	1,481	(1,091)

	HK$ $'000	US$ $'000	JPY $'000
Company			
31 December 2018			
Amount owing (to)/from subsidiaries (net)	–	546	1,773
Loans and borrowings	(7,459)	–	(1,773)
	(7,459)	546	–
31 December 2017			
Amount owing (to)/from subsidiaries (net)	–	1,159	1,391
Loans and borrowings	(7,195)	(661)	(1,391)
	(7,195)	498	–
1 January 2017			
Amount owing (to)/from subsidiaries (net)	–	1,730	631
Loans and borrowings	(7,744)	(1,143)	(631)
	(7,744)	587	–

Notes to the Financial Statements

Year ended 31 December 2018

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.

	2018 $'000	2017 $'000
Group		
EUR	(35)	(33)
HK$	(1,009)	(720)
US$	(889)	(156)
JPY	164	64
S$	(380)	(314)
Company		
HK$	(746)	(720)
US$	55	50

Interest rate risk

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

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		
	2018 $'000	2017 $'000	1 Jan 2017 $'000	2018 $'000	2017 $'000	1 Jan 2017 $'000
Fixed rate instruments						
Financial assets	44,578	37,855	81,138	109	2,765	29,516
Financial liabilities	(19,307)	(37,262)	(9,518)	(19,307)	(37,262)	(9,518)
Loan due to subsidiary's non-controlling interest	(2,402)	(2,204)	(2,053)	–	–	–
	22,869	(1,611)	69,567	(19,198)	(34,497)	19,998
Variable rate instruments						
Financial liabilities	(97,189)	(41,942)	(20,880)	(20,775)	–	–

Notes to the Financial Statements

Year ended 31 December 2018

16 FINANCIAL INSTRUMENTS (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 (bp) 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	100 bp decrease	100 bp increase	100 bp decrease
	$'000	$'000	$'000	$'000
31 December 2018				
Variable rate instruments	(972)	972	(208)	208
31 December 2017				
Variable rate instruments	(419)	419	–	–

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 monitor 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.

Notes to the Financial Statements

Year ended 31 December 2018

16 FINANCIAL INSTRUMENTS (CONT'D)

Capital management (cont'd)

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 2018

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	Amortised Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
31 December 2018								
Financial assets not measured at fair value								
Trade and other receivables[#]	8	83,803	–	83,803				
Cash and cash equivalents	9	105,984	–	105,984				
		189,787	–	189,787				
Financial liabilities not measured at fair value								
Loans and borrowings	12	–	(116,496)	(116,496)	–	(116,714)	–	(116,714)
Trade and other payables*	13	–	(146,817)	(146,817)				
Other financial liabilities	14	–	(2,790)	(2,790)	–	–	(2,790)	(2,790)
		–	(266,103)	(266,103)				

Notes to the Financial Statements

Year ended 31 December 2018

16 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Carrying amount: Loans and receivables $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
Group								
31 December 2017								
Financial assets not measured at fair value								
Trade and other receivables #	8	88,192	–	88,192				
Cash and cash equivalents	9	98,270	–	98,270				
		186,462	–	186,462				
Financial liabilities not measured at fair value								
Loans and borrowings	12	–	(79,204)	(79,204)	–	(79,262)	–	(79,262)
Trade and other payables*	13	–	(140,315)	(140,315)				
Other financial liabilities	14	–	(4,714)	(4,714)	–	–	(4,714)	(4,714)
		–	(224,233)	(224,233)				
1 January 2017								
Financial assets not measured at fair value								
Trade and other receivables #	8	103,238	–	103,238				
Cash and cash equivalents	9	111,883	–	111,883				
		215,121	–	215,121				
Financial liabilities not measured at fair value								
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)				

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Year ended 31 December 2018

16 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount			Fair value			
	Note	Amortised Cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company								
31 December 2018								
Financial assets not measured at fair value								
Trade and other receivables #	8	157,049	–	157,049				
Cash and cash equivalents	9	2,609	–	2,609				
		159,658	–	159,658				
Financial liabilities not measured at fair value								
Loans and borrowings	12	–	(40,082)	(40,082)	–	(40,156)	–	(40,156)
Trade and other payables*	13	–	(34,043)	(34,043)				
		–	(74,125)	(74,125)				

	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 2017								
Financial assets not measured at fair value								
Trade and other receivables #	8	131,531	–	131,531				
Cash and cash equivalents	9	5,716	–	5,716				
		137,247	–	137,247				
Financial liabilities not measured at fair value								
Loans and borrowings	12	–	(37,262)	(37,262)	–	(37,262)	–	(37,262)
Trade and other payables*	13	–	(53,525)	(53,525)				
		–	(90,787)	(90,787)				
1 January 2017								
Financial assets not measured at fair value								
Trade and other receivables #	8	110,169	–	110,169				
Cash and cash equivalents	9	32,619	–	32,619				
		142,788	–	142,788				
Financial liabilities not measured at fair value								
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)				

\# Excludes prepayments

* Excludes deferred income

Notes to the Financial Statements

Year ended 31 December 2018

16 FINANCIAL INSTRUMENTS (CONT'D)

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring level 3 fair values.

Financial instrument not measured at fair value

Type	Valuation techniques
Group and Company	
Other financial liabilities – non-current payables, loans and borrowings and put options	*Discounted cash flow: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate*
Other receivables – non-current receivables	*Discounted cash flow: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate*

Non-current loans and borrowings

The carrying amounts of floating interest bearing loans, which are repriced within 1 month from the reporting date, reflect the corresponding fair values.

Other financial assets and liabilities

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

Transfer between fair values hierarchies

There was no transfer between the fair value hierarchies during the financial year.

Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for level 3 fair values:

Group	Put options $'000
At 1 January 2017	8,543
Changes in exercise price of written put options	(3,829)
At 31 December 2017	4,714
Reversal upon the exercise of written put options	(1,924)
At 31 December 2018	2,790

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Year ended 31 December 2018

17 REVENUE

	Group	
	2018	2017
	$'000	$'000
Revenue from contracts with customers	481,343	471,115
Rental income	7,792	6,468
	489,135	477,583

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Healthcare services

Nature of goods or services	The healthcare services segment of the Group principally generates revenue from 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.
When revenue is recognised	Where contracts relate to provision of medical services, management and consulting services, revenue is recognised in the accounting period in which the services are rendered. Where contracts relate to provision of health insurance, revenue is recognised over the premium period. Where contracts relate to trading in pharmaceutical and nutraceutical products and diagnostic equipment, revenue is recognised when goods are delivered to the customers and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices are issued upon completion of services or/and delivery of goods. Payment terms for respective revenue are as follows: - Provision of medical services, management and consulting services: payment is due upon completion of service - Provision of health insurance: payment is due when invoices are issued - Trading in pharmaceutical and nutraceutical products and diagnostic equipment: customers are usually given a credit term ranges from 30 to 90 days from invoice date

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Year ended 31 December 2018

17 REVENUE (CONT'D)

Hospital services

Nature of goods or services	The hospital services segment of the Group principally generates revenue from provision of specialised medical services, inpatient services and business of medical laboratory and imaging centre. Services may be sold separately or in bundled packages. For the bundled contract, the Group accounts for individual services separately if they are distinct, i.e. if a service is separately identifiable from other items in the bundled package and if a patient can benefit from it.
When revenue is recognised	Revenue is recognised in the accounting period in which the services are rendered. The consideration for bundled package is allocated to the separate services based on their relative stand-alone selling prices. The stand-alone selling prices are determined based on individual prices that the Group would have charged if the services were contracted for separately.
Significant payment terms	Invoices are issued upon discharge of patients from the hospital. Payment is due when invoice is issued. For risk management, a portion of the contract consideration is received upfront in the form of deposit for inpatients, and the remaining consideration is received from customers upon issuance of invoices. As such, no financing component has been recognised as the payment terms are for reasons other than financing.

18 PROFIT FOR THE YEAR

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

	Group	
	2018 $'000	2017 $'000
Impairment loss recognised on trade receivables	3,010	1,481
Recovery of bad debts	(1,749)	–
Changes in fair value in investment properties	(3,395)	(3,085)
Contributions to defined contribution plans	15,646	15,629
(Gain)/Loss on disposal of property, plant and equipment, net	(49)	10
Write-off for stock obsolescence	229	155
Interest expense:		
- bank loans	1,169	191
- finance lease	15	13
Interest income	(1,083)	(936)
Audit fees paid to:		
- auditors of the Company	193	182
- other auditors	80	62
Non-audit fees paid to:		
- auditors of the Company	40	16
- other auditors	21	7
Property, plant and equipment written-off	220	143
Foreign exchange (gain)/loss	(408)	134
Value of employee services received for issue of share options, included in staff costs	1,461	2,449
Impairment loss of goodwill	400	–

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Year ended 31 December 2018

19 TAX EXPENSE

	Group	
	2018	2017
	$'000	$'000
Tax recognised in profit or loss		
Current tax expense		
Current year	13,223	12,463
Adjustment for prior years	201	254
	13,424	12,717
Deferred tax (credit)/expense		
Movements in temporary differences	(330)	(617)
Adjustment for prior years	237	57
	(93)	(560)
Tax expense	13,331	12,157

	Group	
	2018	2017
	$'000	$'000
Reconciliation of effective tax rate		
Profit before tax	84,134	80,818
Tax using the Singapore tax rate of 17% (2017: 17%)	14,303	13,739
Effect of tax rates in foreign jurisdiction	(596)	(557)
Non-deductible expenses	2,112	984
Tax exempt income	(694)	(830)
Tax incentives	(297)	(1,732)
Tax effect of unrecognised tax losses	1,097	1,489
Utilisation of tax losses	(1,370)	(412)
Under provided in prior years	438	311
Others	(1,662)	(835)
	13,331	12,157

The Company intends to utilise the unabsorbed tax losses and capital allowances of $887,000 (2017: $688,000) of other subsidiaries in Singapore under the group relief system, subject to compliance with the relevant rules and procedures and agreement of Inland Revenue Authority of Singapore.

Notes to the Financial Statements

Year ended 31 December 2018

20 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2018 was based on the profit attributable to ordinary shareholders of $71,056,000 (2017: $70,779,000), and a weighted-average number of ordinary shares outstanding of 1,784,387,214 (2017: 1,760,971,541), calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2018	2017
	$'000	$'000
Profit attributable to ordinary shareholders	71,056	70,779

Weighted-average number of ordinary shares

	Group	
	2018	2017
	No. of shares '000	No. of shares '000
Issued ordinary shares at beginning of the year	1,771,039	1,748,164
Effect of scrip dividend shares issued	12,539	8,395
Effect of share options exercised	809	4,413
Weighted average number of ordinary shares during the year	1,784,387	1,760,972

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2018 was based on profit attributable to ordinary shareholders of $71,056,000 (2017: $70,779,000), and a weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 1,788,293,057 (2017: 1,770,760,550), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

	Group	
	2018	2017
	$'000	$'000
Profit attributable to ordinary shareholders	71,056	70,779

Notes to the Financial Statements

Year ended 31 December 2018

20 EARNINGS PER SHARE (CONT'D)

Diluted earnings per share (cont'd)

Weighted-average number of ordinary shares

	Group	
	2018	2017
	No. of shares '000	No. of shares '000
Weighted average number of ordinary share (basic)	1,784,387	1,760,972
Potential ordinary shares issuable under share options	3,906	9,789
Weighted average number of ordinary shares (diluted) during the year	1,788,293	1,770,761

At 31 December 2018, 37,409,000 options (2017: 17,305,000) 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.

21 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 and those relating to investment properties.

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 2018

21 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Healthcare services		Hospital services		Investment holdings		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue and expenses								
Revenue	218,925	206,574	289,421	291,807	29,220	21,418	537,566	519,799
Inter-segment revenue	3,050	3,232	23,111	23,438	22,270	15,546	48,431	42,216
Finance expenses	(368)	(204)	–	–	(816)	–	(1,184)	(204)
Depreciation and amortisation	(5,392)	(5,012)	(6,327)	(5,652)	(207)	(206)	(11,926)	(10,870)
Reportable segment profit before tax	12,513	6,539	57,169	62,479	20,799	15,922	90,481	84,940

	Healthcare services			Hospital services			Investment holdings			Total		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Reportable segment assets	796,924	768,789	714,005	206,373	168,032	141,131	840,770	753,146	591,293	1,844,067	1,689,967	1,446,429
Capital expenditure	4,019	8,236	9,990	9,711	4,788	3,702	101,229	134,281	34,678	114,959	147,305	48,370
Reportable segment liabilities	136,927	159,282	150,004	129,676	90,080	64,662	675,570	559,167	467,701	942,173	808,529	682,367

Notes to the Financial Statements

Year ended 31 December 2018

21 OPERATING SEGMENTS (CONT'D)

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

	2018 $'000	2017 $'000
Revenues		
Total revenue for reportable segments	537,566	519,799
Elimination of inter-segment revenue	(48,431)	(42,216)
Consolidated revenue	489,135	477,583
Profit or loss		
Total profit for reportable segments	90,481	84,940
Adjustment for depreciation of property, plant and equipment	(6,347)	(4,122)
Consolidated profit before tax	84,134	80,818

	2018 $'000	2017 $'000	1 Jan 2017 $'000
Assets			
Total assets for reportable segments	1,844,067	1,689,967	1,446,429
Elimination of inter-segment assets	(728,789)	(685,131)	(546,235)
Unallocated amounts-current tax and deferred tax assets	1,011	1,025	437
Consolidated total assets	1,116,289	1,005,861	900,631
Liabilities			
Total liabilities for reportable segments	942,173	808,529	682,367
Elimination of inter-segment liabilities	(660,858)	(572,067)	(482,596)
Unallocated amounts-current tax and deferred tax liabilities	18,348	17,774	19,016
Consolidated total liabilities	299,663	254,236	218,787

Other material items

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
31 December 2018			
Depreciation and amortisation	11,926	6,347	18,273
31 December 2017			
Depreciation and amortisation	10,870	4,122	14,992

The Group's properties at Raffles Holland V, Raffles Hospital and Raffles Specialist Centre 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.

Notes to the Financial Statements

Year ended 31 December 2018

21 OPERATING SEGMENTS (CONT'D)

Other material items (cont'd)

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 $6,347,000 (2017: $4,122,000) relates to the depreciation of these properties for the year ended 31 December 2018.

Geographical information

The Group operations are primarily in Singapore, Greater China, Vietnam, Cambodia and Japan.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Group	
	2018	2017
	$'000	$'000
Revenue		
Singapore	431,351	421,824
Greater China	39,846	38,477
Rest of Asia	17,938	17,282
Consolidated revenue	489,135	477,583
Non-current assets		
Singapore	685,016	671,792
Greater China	223,936	128,528
Rest of Asia	5,211	5,972
Consolidated non-current assets*	914,163	806,292

* Non-current assets exclude financial instruments (other than equity-accounted investees) and deferred tax assets.

Major customer

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

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Year ended 31 December 2018

22 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Within 1 year	9,597	10,975	3,364	5,415
Between 1 and 5 years	13,042	11,532	1,802	4,790
More than 5 years	513	1,277	–	–
	23,152	23,784	5,166	10,205

The leases typically run for an initial period of 3 to 10 years, with an option to renew 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	
	2018	2017
	$'000	$'000
Within 1 year	6,847	6,639
Between 1 and 5 years	10,226	11,147
More than 5 years	–	–
	17,073	17,786

During the year, $7,792,000 (2017: $6,468,000) 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	
	2018	2017
	$'000	$'000
Income-generating property	1,916	1,560

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Year ended 31 December 2018

23 COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2018, commitments contracted but not provided for by the Group in the financial statements amounted to $137,475,000 (2017: $155,615,000). This relates to properties development expenditure for Raffles Hospital Shanghai Project, Raffles Hospital Chongqing Project, renovation work and the development of the new insurance management system.

In 2016, 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 donated $400,000 to NKF in 2017. The Group has in 2016, also committed to donate $4,000,000 by awarding 40 university scholarships over the next five years of which $195,000 has been disbursed as at 31 December 2018.

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. 1,700,000 (2017: 1,065,000) share options were granted to the key management personnel of the Company during the year. The share options that were granted during the year were on the same terms and conditions as those offered to other employees of the Company as described in note 11. At the reporting date, 8,362,000 (2017: 9,207,000) of the share options granted to the directors of the Company were outstanding.

Key management personnel compensation comprised:

	Group	
	2018	2017
	$'000	$'000
Short-term employee benefits	12,358	12,733
Directors' fees	551	444
Share-based benefits	334	461
	13,243	13,638

25 SUBSIDIARIES

	Company		
	2018	2017	1 Jan 2017
	$'000	$'000	$'000
Investments in subsidiaries	44,850	44,065	43,096
Amounts due from subsidiaries	517,754	507,066	408,335
	562,604	551,131	451,431

Notes to the Financial Statements

Year ended 31 December 2018

25 SUBSIDIARIES (CONT'D)

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 amounts are, in substance, a part of the Company's net investment in the entities, they are stated at cost, less accumulated impairment loss.

Details of subsidiaries are as follows:

			Effective equity interest held by the Group		
Name of subsidiaries	Principal activities	Place of incorporation and business	2018 %	2017 %	1 Jan 2017 %
[1] Raffles Hospital Pte Ltd	Provision of general and specialised medical services and operation of a hospital	Singapore	100	100	100
[1] Raffles Diagnostica Pte Ltd	Operation of medical laboratory and imaging centre	Singapore	100	100	100
[1] Raffles Medical Properties Pte Ltd and its subsidiaries:	Property owner and investment holding	Singapore	100	100	100
[1] Raffles Hospital Properties Pte Ltd	Property owner	Singapore	100	100	100
[1] MP Clementi Pte Ltd	Investment holding	Singapore	100	100	100
[1] RM Network Pte Ltd	Management consultancy services for healthcare organisations	Singapore	100	100	–
[1] Raffles Research Labs Pte Ltd	Research & experimental development on Biotechnology, Life & Medical Science	Singapore	100	100	100
[1] Raffles Chinese Medicine Pte Ltd	Provision of general medical services, acupuncture and acupressure	Singapore	100	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	80
[2] RJC Ltd and its subsidiaries:	Investment holding	Japan	80	80	80

Notes to the Financial Statements

Year ended 31 December 2018

25 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
[2] RSM Ltd and its subsidiary:	Provision of medical support and consultancy services	Japan	40.8	40.8	40.8
[2] Zui Wa Kai Medical Corporation	Operation of medical clinics and provision of medical services	Japan	– [13]	– [13]	– [13]
[1] Raffles Health Pte Ltd	Trading in pharmaceutical and nutraceutical products and diagnostic equipment	Singapore	100	100	100
[1] Aptitude [2003] Pte Ltd	Provision of advisory and consultancy services and developing IT solutions	Singapore	100	100	100
[4] Raffles Healthcare Management (China) Limited	Provision of hospital management and hospital management consultancy services	Hong Kong	100	100	–
[1] Raffles Medical International Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100	100
[4] Raffles Medical Group (Hong Kong) Limited and its subsidiaries:	Investment holding and provision of medical and dental services	Hong Kong	100	100	100
[4] Coors Consultants Limited	Provision of consultancy services	Hong Kong	100	100	100
[4] Medical Properties Limited	Investment holding, provision of medical services and hospital operation	Hong Kong	100	100	100
[12] Anzheng (Chongqing) Hospital Co. Ltd.	Property owner	China	100	100	–

Notes to the Financial Statements

Year ended 31 December 2018

25 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
[12] ShenAn (Chongqing) Hospital Co. Ltd.	Hospital management and operations	China	100	100	–
[4] Raffles Medical Services (HK) Limited	Provision of medical services	Hong Kong	100	100	–
[5] Renguang Management Consultancy (Shanghai) Co. Ltd	Management consultancy	China	100	100	100
[5] Shanghai Ruihe Clinic Co. Ltd	Operation of medical clinics and provision of medical services	China	–[13]	–[13]	–[13]
[12] Dalian Jin Pu New District Anshen Clinic	Operation of medical clinics and provision of medical services	China	–[13]	–	–
[7] Nanjing Lai Ning Clinic	Operation of medical clinics and provision of medical services	China	–[13]	–	–
[2] Shenzhen Lai Ning Clinic	Operation of medical clinics and provision of medical services	China	–[13]	–	–
[1] Raffles Health Insurance Pte Ltd	Provision of health and related insurance	Singapore	100	100	100
[2] PT Raffles Medika Indonesia	Provision of hospital and healthcare management and consultancy services	Indonesia	100[3]	100[3]	100[3]

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Year ended 31 December 2018

25 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
[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	100
[1] 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	80[6]	55[6]	55[6]
[7] Beijing International (SOS) Clinic	Provides medical services through operation of medical clinics	China	80	55	55
[7] Nanjing International (SOS) Clinic	Provides medical services through operation of medical clinics	China	80	55	55
[7] Tianjin International (SOS) Clinic	Provides medical services through operation of medical clinics	China	80	55	55
[8] International SOS Vietnam Co., Ltd.	Provides medical consultation and evacuation services	Vietnam	–	55	55
[9] Lifetime Health Limited Liability Company	Provides medical examination and treatment through its international polyclinics and specialty clinics	Vietnam	80	55	–
[10] AEA International SOS (Cambodia) Ltd	Provides medical services through operation of medical clinics	Cambodia	80	55	55
[4] International SOS (HK) Limited and its subsidiary:	Provision of medical emergency assistance services, the sale of medical kits and investment holding	Hong Kong	80	55	55

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Year ended 31 December 2018

25 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Place of incorporation and business	Effective equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
[11] Shenzhen International SOS Clinic	Provision of clinical services	China	80	55	55
[1] Raffles Medical China Pte Ltd and its subsidiaries:	Investment holding and provision of medical services and hospital operation	Singapore	100	100	100
[2] Shenzhen Investments Pte Ltd	Investment holding (dormant)	Singapore	100	100	100
[1] Shanghai Capital Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100	100
[12] Shanghai Qihua Hospital Co. Ltd.	Property owner	China	70	70	70
[1] RMG Capital Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100	100
[1] Asian Healthcare Capital Management Pte Ltd	Property owner	Singapore	100	100	100
[2] International Medical Investment Co., Ltd	Investment holding (dormant)	British Virgin Islands	100	100	100
[2] Nicoll Capital Pte Ltd and its subsidiary:	Investment holding	Singapore	100	–	–
[1] Nicoll Consultancy Pte Ltd	Provision of management consultancy services for healthcare organisations	Singapore	100	–	–
[2] Scotts Capital Pte Ltd and its subsidiary:	Investment holding	Singapore	100	–	–
[2] Scotts Consultancy Pte Ltd	Provision of management consultancy services for healthcare organisations (dormant)	Singapore	100	–	–

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Year ended 31 December 2018

25 SUBSIDIARIES (CONT'D)

[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] *The Company has changed its financial year to 31 December with effect from 2017*

[7] *Audited by Horizon CPA Limited for 2017. Audited by BeiJing Zimp Certified Public Accountants Co., Ltd for 2018*

[8] *Audited by Ernst & Young Vietnam Limited and all clinics businesses had been transferred to Lifetime Health Limited Liability Company*

[9] *Audited by KPMG Limited, Ho Chi Minh City*

[10] *Audited by BDO (Cambodia) Limited*

[11] *Audited by Beijing Yongtuo Certified Public Accountant LLP for 2017. Audited by WongGa Partners Certified Public Accountants for 2018*

[12] *Audited by BDO China Shu Lun Pan Certified Public Accountants LLP*

[13] *The Group does not hold any ownership interests in these entities. 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.*

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 2018	2017	1 Jan 2017
Raffles Japanese Clinic Pte Ltd (RJC)	Singapore	20%	20%	20%
International SOS (MC Holdings) Pte Ltd (MCH)	Singapore	20%	45%	45%
Shanghai Qihua Hospital Co. Ltd (SQH)	China	30%	30%	30%

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Year ended 31 December 2018

25 SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (cont'd)

The following summarised financial information for the above subsidiaries are prepared in accordance with SFRS(I), 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
2018						
Revenue	17,671	37,813	–			
Profit/(Loss)	430	357	88			
OCI	–	(291)	(1,914)			
Total comprehensive income	430	66	(1,826)			
Attributable to NCI:						
– Profit/(Loss)	86	23	26	(388)	–	(253)
– OCI	–	(44)	(574)	(105)	–	(723)
– **Total comprehensive income**	86	(21)	(548)	(493)	–	(976)
Non-current assets	1,215	5,199	69,072			
Current assets	16,849	18,006	8,663			
Non-current liabilities	(146)	–	(20,914)			
Current liabilities	(5,250)	(21,069)	(3,821)			
Net assets	12,668	2,136	53,000			
Net assets attributable to NCI	2,534	427	15,900	(2,622)	(102)	16,137
Cash flows from/(used in) operating activities	441	2,864	(955)			
Cash flows from/(used in) investing activities	7,779	(246)	(15,809)			
Cash flows from financing activities	–	–	888			
Net (decrease)/increase in cash and cash equivalents	8,220	2,618	(15,876)			

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25 SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (cont'd)

	RJC	MCH	SQH	Other individually immaterial subsidiaries	Intra-group elimination	Total
	$'000	$'000	$'000	$'000	$'000	$'000
31 December 2017						
Revenue	17,842	38,440	–			
Profit/(Loss)	1,654	(3,733)	73			
OCI	–	442	(574)			
Total comprehensive income	1,654	(3,291)	(501)			
Attributable to NCI:						
– Profit/(Loss)	331	(1,680)	22	(791)	–	(2,118)
– OCI	–	199	(172)	88	–	115
– Total comprehensive income	331	(1,481)	(150)	(703)	–	(2,003)
Non-current assets	1,335	6,105	54,237			
Current assets	16,240	32,927	22,563			
Non-current liabilities	(165)	–	(20,776)			
Current liabilities	(5,195)	(36,961)	(1,262)			
Net assets	12,215	2,071	54,762			
Net assets attributable to NCI	2,443	932	16,429	(2,129)	(100)	17,575
Cash flows (used in)/from operating activities	(7,253)	600	(495)			
Cash flows used in investing activities	(1,285)	(710)	(12,661)			
Cash flows from financing activities	–	–	34,557			
Net (decrease)/increase in cash and cash equivalents	(8,538)	(110)	21,401			
1 January 2017						
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

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26 DIVIDENDS

After the respective reporting dates, the directors proposed a one-tier tax exempt final dividend of 2.00 cents (2017: 1.75 cents) per share amounting approximately to $35,943,000 (2017: $30,993,000), 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.

27 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Acquisition of non-controlling interests

In May 2018, the Group acquired an additional 25% interest in International SOS (MC Holdings) Pte Ltd (MCH), increasing its ownership from 55% to 80%. The carrying amount of MCH's net assets in the Group's consolidated financial statements on the date of the acquisition was $1,848,000.

	Group	
	2018	2017
	$'000	$'000
Carrying amount of NCI acquired ($1,848,000 x 25%)	462	–
Consideration paid to NCI	(2,413)	–
Decrease in equity attributable to owners of the Company	(1,951)	–

28 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in note 2.1, these are the first financial statements of the Group prepared in accordance with SFRS(I).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

Notes to the Financial Statements

Year ended 31 December 2018

28 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value issued by the IASB* in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration.*

The application of the above standards and interpretations does not have material effect on the financial statements.

An explanation of how the transition from previous FRS to SFRS(I) has affected the Group's equity set out under the summary of quantitative impact and the accompanying notes.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1 on the Group's equity (share capital, reserves, and non-controlling interests) as at 1 January 2017 and 31 December 2017. There were no material adjustments to the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended 31 December 2017 arising on the transition to SFRS(I).

Notes to the Financial Statements

Year ended 31 December 2018

28 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Reconciliation of the Group's equity
Transition impact on equity

	Note	FRS framework $'000	1 January 2017 SFRS(I) 1 $'000	SFRS(I) framework $'000
Share capital		314,165	–	314,165
Reserves				
Translation reserve	A	(4,092)	4,092	–
Share option reserve		23,745	–	23,745
Revaluation reserve		1,712	–	1,712
Other reserve		(8,543)	–	(8,543)
Accumulated profits	A	339,401	(4,092)	335,309
		352,223	–	352,223
Non-controlling interests		15,456	–	15,456
Total equity		681,844	–	681,844

	Note	FRS framework $'000	31 December 2017 SFRS(I) 1 $'000	SFRS(I) framework $'000
Share capital		340,201	–	340,201
Reserves				
Translation reserve	A	(4,376)	4,092	(284)
Share option reserve		26,194	–	26,194
Revaluation reserve		1,712	–	1,712
Other reserve		(4,714)	–	(4,714)
Accumulated profits	A	375,033	(4,092)	370,941
		393,849	–	393,849
Non-controlling interests		17,575	–	17,575
Total equity		751,625	–	751,625

Notes to the Financial Statements

Year ended 31 December 2018

28 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Notes to the reconciliations

A. SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

Foreign currency translation reserve (FCTR)

The Group considers that restating FCTR to comply with current SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to NIL at the date of transition, and reclassified the cumulative FCTR of ($4,092,000) as at 1 January 2017 determined in accordance with FRS to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative FCTR increased by $4,092,000 and retained earnings decreased by the same amount as at 31 December 2017.

B. SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new ECL model and a new general hedge accounting model. The Company adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Company elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

Notes to the Financial Statements

Year ended 31 December 2018

28 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

Notes to the reconciliations (cont'd)

B. SFRS(I) 9 (cont'd)

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instruments as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see note 3.3.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

				1 January 2018	
	Note	Original classification under FRS 39	New classification under SFRS(I) 9	Original carrying amount under FRS 39	New carrying amount under SFRS(I) 9
				$'000	$'000
Group					
Financial assets					
Trade and other receivables	(a)	Loans and receivables	Amortised cost	88,192	88,192
Cash and cash equivalents		Loans and receivables	Amortised cost	98,270	98,270
Total financial assets				186,462	186,462
Company					
Financial assets					
Trade and other receivables	(a)	Loans and receivables	Amortised cost	131,531	131,531
Cash and cash equivalents		Loans and receivables	Amortised cost	5,716	5,716
Total financial assets				137,247	137,247

(a) Information about how the Group measures the allowance for impairment is described in note 3.9 and note 16.

Shareholdings Statistics

AS AT 15 MARCH 2019

SHARE CAPITAL AND VOTING RIGHTS

Number of issued and fully paid shares	:	1,797,509,400
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 15 March 2019, approximately 47.9% 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	429	2.89	18,962	0.00
100 – 1,000	1,182	7.97	681,518	0.04
1,001 - 10,000	8,145	54.91	42,747,966	2.38
10,001 - 1,000,000	5,039	33.97	212,573,453	11.82
1,000,001 and above	39	0.26	1,541,487,501	85.76
	14,834	100.00	1,797,509,400	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Raffles Medical Holdings Pte Ltd	660,177,744	36.73
2	Loo Choon Yong	178,757,866	9.94
3	DBS Nominees Pte Ltd	158,033,678	8.79
4	Citibank Nominees Singapore Pte Ltd	139,113,060	7.74
5	DBSN Services Pte Ltd	87,725,827	4.88
6	S & D Holdings Pte Ltd	58,414,828	3.25
7	BPSS Nominees Singapore (Pte.) Ltd.	51,525,459	2.87
8	HSBC (Singapore) Nominees Pte Ltd	36,802,548	2.05
9	Raffles Nominees (Pte) Limited	29,082,159	1.62
10	UOB Nominees (2006) Pte Ltd	25,856,949	1.44
11	Tan Tiang Lee	14,461,298	0.80
12	Asian Medical Foundation Ltd	13,773,554	0.77
13	United Overseas Bank Nominees Pte Ltd	13,416,415	0.75
14	Yii Hee Seng	9,250,680	0.51
15	OCBC Nominees Singapore Pte Ltd	8,878,913	0.49
16	Phillip Securities Pte Ltd	7,644,041	0.43
17	Tan Soo Nan @Tan Soo Nam	4,536,000	0.25
18	Chia Teo Meng	3,614,407	0.20
19	OCBC Securities Private Ltd	3,564,103	0.20
20	UOB Kay Hian Pte Ltd	3,544,381	0.20
		1,508,173,910	83.91

The Company does not hold any treasury shares, nor any subsidiary holdings, as at 15 March 2019.

Shareholdings Statistics

AS AT 15 MARCH 2019

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest		Total Interest	
Name	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**
Dr Loo Choon Yong[1]	178,888,970	9.95	746,056,585	41.51	924,945,555	51.46
Raffles Medical Holdings Pte Ltd	686,034,693	38.17	-	-	686,034,693	38.17

Notes:

1 Dr Loo Choon Yong is deemed to be interested in the shares of the Company 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, Jacqueline by virtue of the operation of the provisions of Section 4 of the Securities and Futures Act (Cap. 289).

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 30th Annual General Meeting (AGM) of Raffles Medical Group Ltd (the Company) will be held at **Rooms 324 to 326, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593** on **Friday, 26 April 2019** at **4.00 p.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 2018 together with the Auditors' Report thereon. **[Resolution 1]**

2. To declare a one-tier tax exempt Final Dividend of 2.0 Singapore cents per share for the year ended 31 December 2018 (2017: 1.75 Singapore cents per share). **[Resolution 2]**

3. To approve Directors' Fees ($463,000) for the year ended 31 December 2018 (2017: $343,100). **[Resolution 3]**

4. To re-elect Mr Eric Ang Teik Lim, who is retiring by rotation in accordance with Regulation 93 of the Constitution of the Company, and who, being eligible, will offer himself for re-election. **[Resolution 4]**

5. To re-elect Dr Wee Beng Geok, who is retiring by rotation in accordance with Regulation 93 of the Constitution of the Company, and who, being eligible, will offer herself for re-election. **[Resolution 5]**

6. To re-elect Mr Png Cheong Boon, who is retiring in accordance with Regulation 92 of the Constitution of the Company, and who, being eligible, will offer himself for re-election. **[Resolution 6]**

7. To note that Mr Lim Beng Chee who is retiring by rotation at this AGM, has decided not to offer himself for re-election to office.

8. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 7]**

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

9. Authority to Allot and Issue Shares (cont'd)

Provided That:

(1) The aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) 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 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 8]**

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 and subsidiary holdings) of the Company from time to time. **[Resolution 9]**

11. The Proposed Participation of Dr Sarah Lu Qinghui as an Associate of Dr Loo Choon Yong, a Controlling Shareholder, in the Raffles Medical Group (2010) Share Option Scheme (RMG ESOS 2010)

That the participation by Dr Sarah Lu Qinghui, an Associate of Dr Loo Choon Yong, a Controlling Shareholder of the Company, in the RMG ESOS 2010 be and is hereby approved. **[Resolution 10]**

Notice of Annual General Meeting

12. The Proposed Grant of Options to Dr Sarah Lu Qinghui as an Associate of Dr Loo Choon Yong, a Controlling Shareholder, in the Raffles Medical Group (2010) Share Option Scheme

That subject to and contingent upon the passing of Resolution 10, the proposed offer and grant to Dr Sarah Lu Qinghui, an Associate of Dr Loo Choon Yong, a Controlling Shareholder of the Company, pursuant to and in accordance with the rules of the RMG ESOS 2010, on the following terms be and is hereby approved, and the Directors be and are hereby authorised to allot and issue or deliver from time to time such number of Shares upon the exercise of such Options:

(a)	Proposed Date of Grant of Options	:	Within 3 months from the date of the AGM
(b)	Number of Shares comprised in the proposed Options	:	Up to 100,000 Shares (representing approximately 0.006% of the total issued Shares as at the Latest Practicable Date)
(c)	Exercise Price per Share	:	Market Price
(d)	Exercise Period of Options	:	The period from the day after the first anniversary of the Offer Date to the day falling before the fifth anniversary of the Offer Date

[Resolution 11]

13. 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 fully paid issued ordinary shares in the capital of the Company (Shares), not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) An on-market 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 Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the Share Buy Back Mandate);

(b) Unless varied or revoked by 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 required by law to be held;

(ii) The date on which the purchases or acquisitions of Shares pursuant to the proposed Share Buy Back Mandate are carried out to the full extent mandated; or

Notice of Annual General Meeting

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

(iii) The date on which the authority conferred by the proposed Share Buy Back Mandate is revoked or varied by the Shareholders in a general meeting.

(c) In this Resolution:

"Average Closing Market Price" means the average of the closing market prices of the Shares over the last five market days, on which the Shares are transacted on the SGX-ST immediately preceding the date of an 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-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 Market 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 (excluding treasury shares and subsidiary holdings); 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 Market Price (as defined above) of the Share; and

(ii) 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 Market 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 12]**

14. 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 13]**

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
4 April 2019

Notice of Annual General Meeting

Explanatory Notes:

Ordinary Resolution 3 above, if passed, is to seek approval for the payment of up to $463,000 to all Directors as Directors' Fees for the year ended 31 December 2018.

In relation to Ordinary Resolution 4 above, Mr Eric Ang Teik Lim will, upon re-election as Director of the Company, continue to serve as Chairman of the Nomination & Compensation Committee. He is considered an Independent Director. There are no relationships (including immediate family relationships) between Mr Ang and the other Directors of the Company.

In relation to Ordinary Resolution 5 above, Dr Wee Beng Geok will, upon re-election as Director of the Company, remain as a member of the Nomination & Compensation Committee. She is considered an Independent Director. There are no relationships (including immediate family relationships) between Dr Wee and the other Directors of the Company.

In relation to Ordinary Resolution 6 above, Mr Png Cheong Boon will, upon re-election as Director of the Company, remain as a Non-Executive and Independent Director of the Company. There are no relationships (including immediate family relationships) between Mr Png and the other Directors of the Company.

Ordinary Resolution 8 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 and subsidiary holdings) 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 and subsidiary holdings) in the capital of the Company, for the time being.

Ordinary Resolution 9 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 (excluding treasury shares and subsidiary holdings) issued by the Company at any time.

Further details in relation to Ordinary Resolutions 10 and 11 can be found in the letter to shareholders dated 4 April 2019 which is appended to the Notice of AGM (Appendix A). Appendix A can be downloaded from the Company's website at the following link: https://www.rafflesmedicalgroup.com/investor-relations/sgx-announcements. All capitalised terms used in Resolutions 10 and 11 shall have the same meanings ascribed to them in Appendix A, unless otherwise defined herein or where the context otherwise requires.

Ordinary Resolution 12 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 dated 4 April 2019 which is appended to the Notice of AGM dated 4 April 2019 (Appendix B). Appendix B can be downloaded from the Company's website at https://www.rafflesmedicalgroup.com/investor-relations/sgx-announcements.

Ordinary Resolution 13 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 office of the share registrar of the Company at M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, not less than 72 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.*

Additional Information On Directors Seeking Re-Appointment

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, we set out below the additional information on Mr Eric Ang Teik Lim, Dr Wee Beng Geok and Mr Png Cheong Boon, all of whom are seeking re-appointment as Directors at the 30th Annual General Meeting. The information shall be read in conjunction with their respective biographies on pages 8 to 13.

	Mr Eric Ang Teik Lim	Dr Wee Beng Geok	Mr Png Cheong Boon
Date of Appointment	24/04/2015	27/11/2000	15/10/2018
Date of last re-appointment	20/04/2016	20/04/2016	Not applicable
Age	66	70	49
Country of Principal Residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Ang as a Non-Executive and Independent Director of the Company was recommended by the Nomination & Compensation Committee (NCC) and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. Mr Ang has abstained from the deliberation of the NCC as well as that of the Board pertaining to his re-election.	The re-election of Dr Wee as a Non-Executive and Independent Director of the Company was recommended by the NCC and the Board has accepted the recommendation, after taking into consideration her qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company. Dr Wee has abstained from the deliberation of the NCC as well as that of the Board pertaining to her re-election.	The re-election of Mr Png as a Non-Executive and Independent Director of the Company was recommended by the NCC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. Mr Png has abstained from the deliberation of the Board pertaining to his re-election.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Nomination & Compensation Committee	Non-Executive and Independent Director	Non-Executive and Independent Director
Professional qualifications	Bachelor in Business Administration (Honours), University of Singapore	• 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	• Bachelor of Science degree in Electrical Engineering, Cornell University • Master of Science in Management under the Sloan Fellows Programme, Stanford University
Working experience and occupation(s) during the past 10 years	Please refer to Mr Ang's biography set out under the section "Board of Directors" of the Annual Report.	Please refer to Dr Wee's biography set out under the section "Board of Directors" of the Annual Report.	Please refer to Mr Png's biography set out under the section "Board of Directors" of the Annual Report.
Shareholding interest in RMG and its subsidiaries	None	Please refer to the information disclosed in the Financial Report which can also be found in the Annual Report.	None

Additional Information On Directors Seeking Re-Appointment

	Mr Eric Ang Teik Lim	Dr Wee Beng Geok	Mr Png Cheong Boon
Any relationship (including immediate family relationships) with any existing director, existing executive officer, RMG and/ or substantial shareholder of RMG or of any of its principal subsidiaries	None	None	None
Conflict of interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to RMG	Yes	Yes	Yes
OTHER PRINCIPAL COMMITMENTS INCLUDING DIRECTORSHIPS			
Past (for the last 5 years)	1. Hwang Capital (Malaysia) Berhad (Non-Executive and Non-Independent Director) 2. NetLink Management Pte Ltd (Director)	None	1. Ascendas Pte Ltd (Director) 2. Ascendas–Singbridge Pte Ltd (Director) 3. Jurong International Holdings Pte Ltd (Director) 4. Jurong Port Pte Ltd (Director) 5. Singapore Suzhou Township Development Pte Ltd (Director) 6. Surbana Jurong Private Limited (Director) 7. TJ Holdings (III) Pte Ltd (Director)
Present	1. Sembcorp Marine Ltd (Non-Executive and Independent Director) 2. Changi Airport Group (Singapore) Pte Ltd (Director) 3. Surbana Jurong Private Limited (Director) 4. NetLink NBN Management Pte Ltd (Director) 5. DBS Foundation Ltd (Director) 6. SGX Disciplinary Committee (Co-Chairman) 7. Community Chest (Vice-Chairman)	1. The Theatre Practice Ltd (Non-Executive Director)	1. Economic Development Board (Board Member) 2. Employment and Employability Institute Pte Ltd (Director) 3. Enterprise Singapore (Chief Executive Officer and Board Member) 4. Enterprise Singapore Holdings Pte Ltd (Chairman) 5. Growth Enterprise Fund Pte Ltd (Chairman) 6. Singapore Cooperation Enterprise (Deputy Chairman) 7. Singapore Innovate Pte Ltd (Director) 8. Spring Equity Investments Pte Ltd (Chairman) 9. Infrastructure Asia (Chairman)

Additional Information On Directors Seeking Re-Appointment

	Mr Eric Ang Teik Lim	Dr Wee Beng Geok	Mr Png Cheong Boon
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or her or against a partnership of which he or she was a partner at the time when he or she was a partner or at any time within 2 years from the date he or she ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he or she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgement against him or her?	No	No	No
(d) Whether he or she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such purpose?	No	No	No
(e) Whether he or she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, or he or she has been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part?	No	No	No

Additional Information On Directors Seeking Re-Appointment

	Mr Eric Ang Teik Lim	Dr Wee Beng Geok	Mr Png Cheong Boon
(g) Whether he or she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he or she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he or she has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him or her from engaging in any type of business practice or activity?	No	No	No
(j) Whether he or she has ever, to his or her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he or she was so concerned with the entity or business trust?			
(k) Whether he or she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

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 4 April 2019.

NO VOUCHERS

After due consideration, the Company has decided to discontinue the practice of issuing vouchers to our shareholders and their proxies at the Annual General Meeting.

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 324 to 326, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593** on **Friday, 26 April 2019** at **4.00 p.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 on his / her / their discretion. If no person is named in the above boxes, the Chairman of the AGM shall be my / our proxy / proxies to vote, for or against the resolutions to be passed at the AGM as indicated below, for me / us on my / our behalf at the AGM and at any adjournment of the AGM.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
ORDINARY BUSINESS – ORDINARY RESOLUTIONS			
1.	Adoption of the Directors' Statement, Audited Financial Statements for the financial year ended 31 December 2018 and Auditors' Report thereon		
2.	Approval of a one-tier tax exempt Final Dividend of 2.0 Singapore cents per share for the year ended 31 December 2018		
3.	Approval of Directors' Fees of $463,000 for the year ended 31 December 2018		
4.	Re-election of Mr Eric Ang Teik Lim, who is retiring by rotation in accordance with Regulation 93 of the Company's Constitution		
5.	Re-election of Dr Wee Beng Geok, who is retiring by rotation in accordance with Regulation 93 of the Company's Constitution		
6.	Re-election of Mr Png Cheong Boon, who is retiring in accordance with Regulation 92 of the Company's Constitution		
7.	Re-appointment of KPMG LLP as Auditors and fixing their remuneration		
SPECIAL BUSINESS – ORDINARY RESOLUTIONS			
8.	Authority to Allot and Issue Shares		
9.	Authority to Allot and Issue Shares Under the Raffles Medical Group Share Option Scheme		
10.	The Proposed Participation of Dr Sarah Lu Qinghui as an Associate of Dr Loo Choon Yong, a Controlling Shareholder, in the RMG ESOS 2010		
11.	The Proposed Grant of Options to Dr Sarah Lu Qinghui under RMG ESOS 2010		
12.	The Proposed Renewal of Share Buy Back Mandate		
13.	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.

Dated this ______________ day of ________________ 2019

Total Number of Shares Held (Please see Note 1)

____

Signature(s) of member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Fold this flap for sealing. Glue firmly.

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 office of the share registrar of the Company, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 not less than 72 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 Affix
Postage
Stamp

The Company Secretary
Raffles Medical Group Ltd
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 30th Annual General Meeting (AGM) of Raffles Medical Group Ltd (the Company) will be held at **Rooms 324 to 326, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593** on **Friday, 26 April 2019** at **4.00 p.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 2018 together with the Auditors' Report thereon. **[Resolution 1]**

2. To declare a one-tier tax exempt Final Dividend of 2.0 Singapore cents per share for the year ended 31 December 2018 (2017: 1.75 Singapore cents per share). **[Resolution 2]**

3. To approve Directors' Fees ($463,000) for the year ended 31 December 2018 (2017: $343,100). **[Resolution 3]**

4. To re-elect Mr Eric Ang Teik Lim, who is retiring by rotation in accordance with Regulation 93 of the Constitution of the Company, and who, being eligible, will offer himself for re-election. **[Resolution 4]**

5. To re-elect Dr Wee Beng Geok, who is retiring by rotation in accordance with Regulation 93 of the Constitution of the Company, and who, being eligible, will offer herself for re-election. **[Resolution 5]**

6. To re-elect Mr Png Cheong Boon, who is retiring in accordance with Regulation 92 of the Constitution of the Company, and who, being eligible, will offer himself for re-election. **[Resolution 6]**

7. To note that Mr Lim Beng Chee who is retiring by rotation at this AGM, has decided not to offer himself for re-election to office.

8. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 7]**

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,

9. Authority to Allot and Issue Shares (cont'd)

Provided That:

(1) The aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) 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 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 8]**

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 and subsidiary holdings) of the Company from time to time. **[Resolution 9]**

11. The Proposed Participation of Dr Sarah Lu Qinghui as an Associate of Dr Loo Choon Yong, a Controlling Shareholder, in the Raffles Medical Group (2010) Share Option Scheme (RMG ESOS 2010)

That the participation by Dr Sarah Lu Qinghui, an Associate of Dr Loo Choon Yong, a Controlling Shareholder of the Company, in the RMG ESOS 2010 be and is hereby approved. **[Resolution 10]**

12. The Proposed Grant of Options to Dr Sarah Lu Qinghui as an Associate of Dr Loo Choon Yong, a Controlling Shareholder, in the Raffles Medical Group (2010) Share Option Scheme

That subject to and contingent upon the passing of Resolution 10, the proposed offer and grant to Dr Sarah Lu Qinghui, an Associate of Dr Loo Choon Yong, a Controlling Shareholder of the Company, pursuant to and in accordance with the rules of the RMG ESOS 2010, on the following terms be and is hereby approved, and the Directors be and are hereby authorised to allot and issue or deliver from time to time such number of Shares upon the exercise of such Options:

(a)	Proposed Date of Grant of Options	:	Within 3 months from the date of the AGM
(b)	Number of Shares comprised in the proposed Options	:	Up to 100,000 Shares (representing approximately 0.006% of the total issued Shares as at the Latest Practicable Date)
(c)	Exercise Price per Share	:	Market Price
(d)	Exercise Period of Options	:	The period from the day after the first anniversary of the Offer Date to the day falling before the fifth anniversary of the Offer Date

[Resolution 11]

13. 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 fully paid issued ordinary shares in the capital of the Company (Shares), not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) An on-market 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 Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the Share Buy Back Mandate);

(b) Unless varied or revoked by 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 required by law to be held;

(ii) The date on which the purchases or acquisitions of Shares pursuant to the proposed Share Buy Back Mandate are carried out to the full extent mandated; or

Notice of Annual General Meeting

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

(iii) The date on which the authority conferred by the proposed Share Buy Back Mandate is revoked or varied by the Shareholders in a general meeting.

(c) In this Resolution:

"Average Closing Market Price" means the average of the closing market prices of the Shares over the last five market days, on which the Shares are transacted on the SGX-ST immediately preceding the date of an 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-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 Market 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 (excluding treasury shares and subsidiary holdings); 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 Market Price (as defined above) of the Share; and

(ii) 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 Market 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 12]**

14. 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 13]**

BY ORDER OF THE BOARD

Kimmy Goh
Company Secretary
4 April 2019

Notice of Annual General Meeting

Explanatory Notes:

Ordinary Resolution 3 above, if passed, is to seek approval for the payment of up to $463,000 to all Directors as Directors' Fees for the year ended 31 December 2018.

In relation to Ordinary Resolution 4 above, Mr Eric Ang Teik Lim will, upon re-election as Director of the Company, continue to serve as Chairman of the Nomination & Compensation Committee. He is considered an Independent Director. There are no relationships (including immediate family relationships) between Mr Ang and the other Directors of the Company.

In relation to Ordinary Resolution 5 above, Dr Wee Beng Geok will, upon re-election as Director of the Company, remain as a member of the Nomination & Compensation Committee. She is considered an Independent Director. There are no relationships (including immediate family relationships) between Dr Wee and the other Directors of the Company.

In relation to Ordinary Resolution 6 above, Mr Png Cheong Boon will, upon re-election as Director of the Company, remain as a Non-Executive and Independent Director of the Company. There are no relationships (including immediate family relationships) between Mr Png and the other Directors of the Company.

Ordinary Resolution 8 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 and subsidiary holdings) 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 and subsidiary holdings) in the capital of the Company, for the time being.

Ordinary Resolution 9 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 (excluding treasury shares and subsidiary holdings) issued by the Company at any time.

Further details in relation to Ordinary Resolutions 10 and 11 can be found in the letter to shareholders dated 4 April 2019 which is appended to the Notice of AGM (Appendix A). Appendix A can be downloaded from the Company's website at the following link: https://www.rafflesmedicalgroup.com/investor-relations/sgx-announcements. All capitalised terms used in Resolutions 10 and 11 shall have the same meanings ascribed to them in Appendix A, unless otherwise defined herein or where the context otherwise requires.

Ordinary Resolution 12 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 dated 4 April 2019 which is appended to the Notice of AGM dated 4 April 2019 (Appendix B). Appendix B can be downloaded from the Company's website at https://www.rafflesmedicalgroup.com/investor-relations/sgx-announcements.

Ordinary Resolution 13 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 office of the share registrar of the Company at M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, not less than 72 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.*

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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 4 April 2019.

NO VOUCHERS

After due consideration, the Company has decided to discontinue the practice of issuing vouchers to our shareholders and their proxies at the Annual General Meeting.

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 324 to 326, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593** on **Friday, 26 April 2019** at **4.00 p.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 on his / her / their discretion. If no person is named in the above boxes, the Chairman of the AGM shall be my / our proxy / proxies to vote, for or against the resolutions to be passed at the AGM as indicated below, for me / us on my / our behalf at the AGM and at any adjournment of the AGM.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
	ORDINARY BUSINESS – ORDINARY RESOLUTIONS		
1.	Adoption of the Directors' Statement, Audited Financial Statements for the financial year ended 31 December 2018 and Auditors' Report thereon		
2.	Approval of a one-tier tax exempt Final Dividend of 2.0 Singapore cents per share for the year ended 31 December 2018		
3.	Approval of Directors' Fees of $463,000 for the year ended 31 December 2018		
4.	Re-election of Mr Eric Ang Teik Lim, who is retiring by rotation in accordance with Regulation 93 of the Company's Constitution		
5.	Re-election of Dr Wee Beng Geok, who is retiring by rotation in accordance with Regulation 93 of the Company's Constitution		
6.	Re-election of Mr Png Cheong Boon, who is retiring in accordance with Regulation 92 of the Company's Constitution		
7.	Re-appointment of KPMG LLP as Auditors and fixing their remuneration		
	SPECIAL BUSINESS – ORDINARY RESOLUTIONS		
8.	Authority to Allot and Issue Shares		
9.	Authority to Allot and Issue Shares Under the Raffles Medical Group Share Option Scheme		
10.	The Proposed Participation of Dr Sarah Lu Qinghui as an Associate of Dr Loo Choon Yong, a Controlling Shareholder, in the RMG ESOS 2010		
11.	The Proposed Grant of Options to Dr Sarah Lu Qinghui under RMG ESOS 2010		
12.	The Proposed Renewal of Share Buy Back Mandate		
13.	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.

Dated this ______________ day of ________________ 2019

Total Number of Shares Held (Please see Note 1)

____

Signature(s) of member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Fold this flap for sealing. Glue firmly.

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 office of the share registrar of the Company, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 not less than 72 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 Affix
Postage
Stamp

The Company Secretary
Raffles Medical Group Ltd
c/o M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

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RafflesMedicalGroup

Moving Into China

ANNUAL REPORT 2018

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