RafflesMedicalGroup

Your Trusted Partner for Health in Asia

ANNUAL REPORT 2019

VISION

Your Trusted Partner for Health

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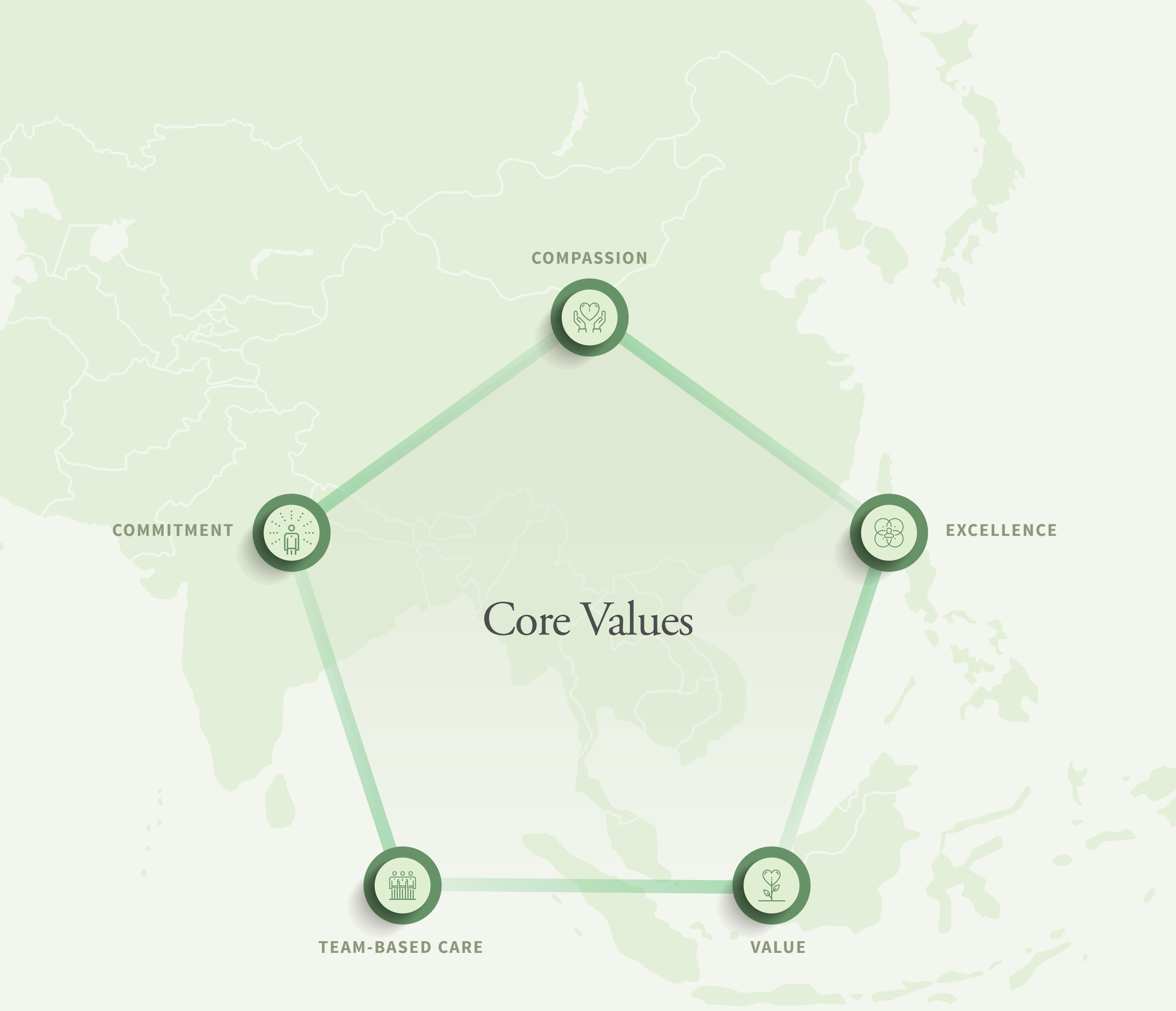


COMPASSION

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.

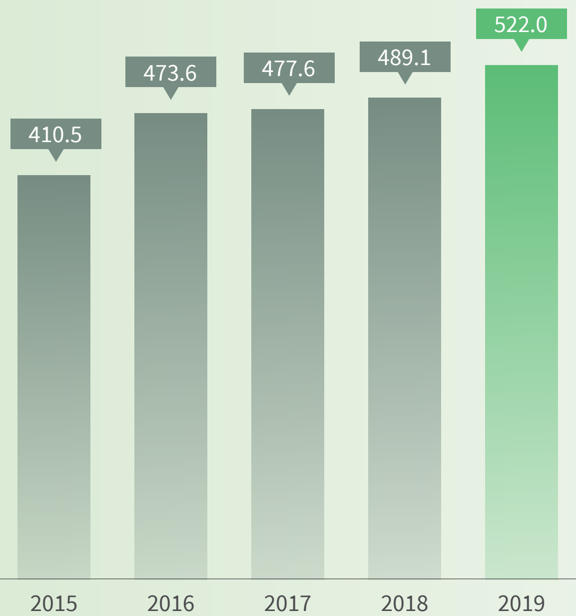
Financial Highlights at a Glance

GROUP REVENUE ($ million)

522.0m

6.7%

Group achieved 6.7% growth in revenue to $522.0m

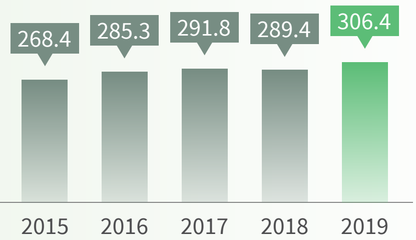


HOSPITAL SERVICES DIVISION

306.4m

5.9%

Revenue from Hospital Services Division increased by 5.9% to $306.4m



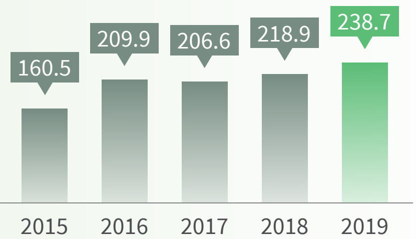
REVENUE ($ million)

HEALTHCARE SERVICES DIVISION

238.7m

9.0%

Revenue from Healthcare Services Division grew by 9.0% to $238.7m



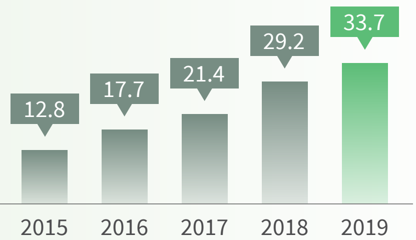
REVENUE ($ million)

INVESTMENT HOLDINGS DIVISION

33.7m

15.4%

Revenue from Investment Holdings Division grew by 15.4% to $33.7m



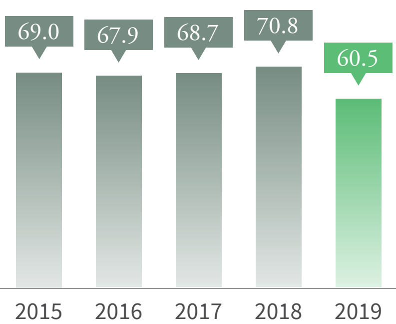
REVENUE ($ million)

PAT ($ million)

60.5m

14.5%

Profit after tax (PAT) decreased by 14.5% to $60.5m

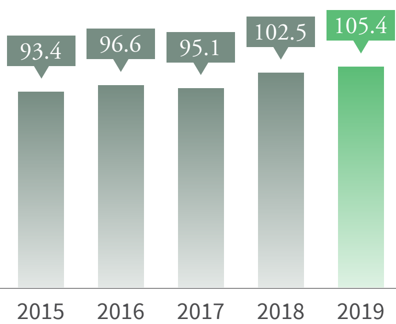


EBITDA ($ million)

105.4m

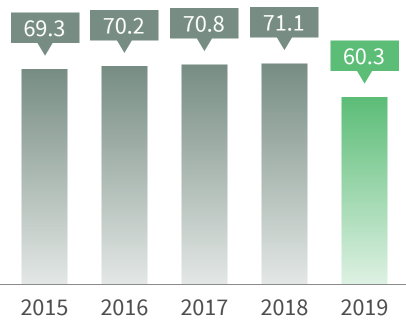
2.8%

Earnings before interest, taxes, depreciation and amortisation (EBITDA) grew by 2.8% to $105.4m



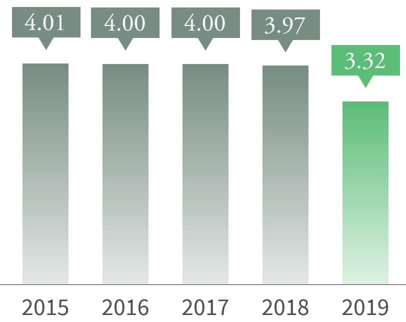
PATMI ($ million)

60.3m



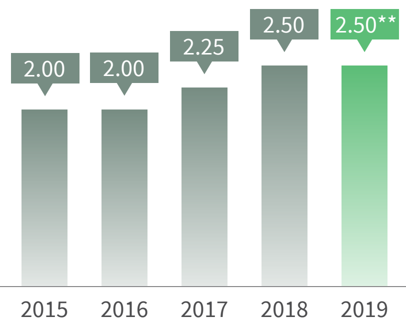
EARNINGS PER SHARE* (cents)

3.32

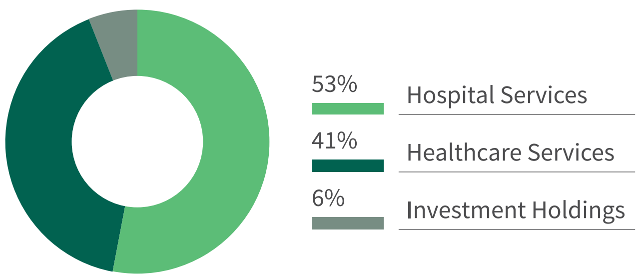


DIVIDEND PER SHARE* (cents)

2.50



REVENUE CONTRIBUTED BY SEGMENT



FINANCIAL SUMMARY

	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000
Revenue	410,535	473,608	477,583	489,135	522,038
EBITDA	93,411	96,611	95,078	102,508	105,428
Operating Profit	80,604	81,946	80,086	84,235	76,168
Profit Before Tax	81,607	82,930	80,818	84,134	75,924
PATMI	69,291	70,210	70,779	71,056	60,273
Profit After Tax	69,031	67,946	68,661	70,803	60,522
Diluted Earnings per Share* (cents)	4.01	4.00	4.00	3.97	3.32
Net Asset Value per Share* (cents)	34.96	38.12	41.45	44.54	46.00
Dividend per Share* (cents)	2.00	2.00	2.25	2.50	2.50**
Return on Equity (%)	11.5	10.5	9.6	8.9	7.2

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

** Final dividend of 2.0 cents is subject to approval by shareholders at the Annual General Meeting in 2020.

Your Trusted Partner

FOR HEALTH

Chairman's Message

"We set ourselves to be the trusted partner for health in Asia. Our patients, their families, corporate clients, their staff and dependents as well as the community and governments are all our partners. We intend to deliver compassionate and excellent care to them, and add value to their lives through our teams in the various geographies."

Dear fellow shareholders

2019 has been a year of growth and improvement. The Group's revenue grew 6.7 per cent. Raffles Hospital and Raffles Medical clinics have done well and contributed to the improved results.

CHINA HOSPITALS

The opening of the 700-bed Raffles Hospital Chongqing on 2 January 2019 marked the Group's first step into the hospital business in China. The market is huge and the journey will be long and challenging. The Group will bring its experience, expertise and best people to contribute towards the well-being of the Chinese people as we build a new business in China.

Raffles Hospital Shanghai, a 400-bed international hospital, held its topping out ceremony in May 2019 and will open its doors to patients in 2020 when normalcy returns to Shanghai.

CONTINUING EXCELLENCE

Raffles Hospital Singapore continues to enhance its expertise and excellence with the acquisition and deployment of the latest da Vinci Robotic Assisted Surgery System. Utilising this system, complex surgeries can be carried out more safely, expeditiously and cost effectively.

GLOBAL PANDEMIC

COVID-19 has become a global problem. Its immediate effects have disrupted growth, financial markets and supply chains. Likewise, the Group's business is not immune to this impact. The Raffles team of physicians, nurses, healthcare managers and support staff have all contributed by participating in temperature screening operations at on-site clinics, through advisory work and other activities to help manage the COVID-19 situation.

We set ourselves to be the trusted partner for health in Asia. Our patients, their families, corporate clients, their staff and dependents as well as the community and governments are all our partners. We intend to deliver compassionate and excellent care to them, and add value to their lives through our teams in the various geographies.

APPRECIATION

On behalf of the Board of Directors and shareholders, I thank all our staff in Singapore and the region who have bravely stepped up to face the challenges imposed by COVID-19. We applaud their courage and determination.

We also thank all our patients and corporate clients for their faith in us to care for their employees and loved ones. We look forward to their steadfast support as we continue to deepen these valued partnerships.

I deeply appreciate the guidance, wisdom and support of the Board of Directors. I have confidence that together with our team of dedicated people, we have the winning formula needed to sustain growth for the Group.

Dr Loo Choon Yong
Executive Chairman

Board of Directors

Information as at 31 December 2019

DR LOO CHOON YONG age 70

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

DATE OF FIRST APPOINTMENT AS A DIRECTOR

16 May 1989

DATE OF LAST RE-ELECTION AS A DIRECTOR

19 April 2017

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2019)

30 years 7 months

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. Asian Medical Foundation Ltd (Chairman)
3. Raffles Health Insurance Pte Ltd (Chairman)
4. International SOS (MC Holdings) Pte Ltd (Chairman)
5. The Free Zones Authority of the State of Qatar (Director)
6. Doctor World Pte Ltd (Director)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JANUARY 2017 TO 31 DECEMBER 2019)

Nil

MR KOH POH TIONG age 73

Lead Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS
- Bachelor of Science, University of Singapore

DATE OF FIRST APPOINTMENT AS A DIRECTOR
3 October 2011

DATE OF LAST RE-ELECTION AS A DIRECTOR
19 April 2017

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2019)
8 years 2 months

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)
7. BeerCo Limited (Non-Executive Director)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JANUARY 2017 TO 31 DECEMBER 2019)
1. United Engineers Ltd (Non-Executive and Independent Director)
2. SATS Ltd (Non-Executive and Independent Director)

MR KEE TECK KOON age 63

Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS
- Bachelor of Arts, University of Oxford
- Master of Arts in Engineering Science, University of Oxford

DATE OF FIRST APPOINTMENT AS A DIRECTOR
3 January 2012

DATE OF LAST RE-ELECTION AS A DIRECTOR
19 April 2017

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2019)
7 years 11 months

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. NTUC Enterprise Co-operative Limited (Non-Executive Director and Board Adviser)
2. NTUC Income Insurance Co-operative Limited (Non-Executive Deputy Chairman)
3. Mandai Park Holdings Pte Ltd (Non-Executive Director)
4. Lien Foundation (Non-Executive Director)
5. Fullerton Fund Management Company Ltd (Non-Executive Director)
6. FFMC Holdings Pte Ltd (Non-Executive Director)
7. NTUC Fairprice Co-operative Limited (Non-Executive Director)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JANUARY 2017 TO 31 DECEMBER 2019)
Nil

MR ERIC ANG TEIK LIM age 66

Independent Director

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

DATE OF FIRST APPOINTMENT AS A DIRECTOR
24 April 2015

DATE OF LAST RE-ELECTION AS A DIRECTOR
26 April 2019

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2019)
4 years 8 months

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 2017 TO 31 DECEMBER 2019)
1. Hwang Capital (Malaysia) Berhad (Non-Executive and Non-Independent Director)

DR WEE BENG GEOK age 71

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

DATE OF FIRST APPOINTMENT AS A DIRECTOR
27 November 2000

DATE OF LAST RE-ELECTION AS A DIRECTOR
26 April 2019

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2019)
19 years 1 month

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 2017 TO 31 DECEMBER 2019)
Nil

PROFESSOR LIM PIN age 83

Independent Director

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

DATE OF FIRST APPOINTMENT AS A DIRECTOR
19 February 2001

DATE OF LAST RE-ELECTION AS A DIRECTOR
27 April 2018

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2019)
18 years 10 months

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 Advisor)
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 2017 TO 31 DECEMBER 2019)
Nil

MR RAYMOND LIM SIANG KEAT age 60

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

DATE OF FIRST APPOINTMENT AS A DIRECTOR
25 April 2013

DATE OF LAST RE-ELECTION AS A DIRECTOR
19 April 2017

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2019)
6 years 8 months

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 2017 TO 31 DECEMBER 2019)
1. Insurance Australia Group Limited (Non-Executive and Independent Director)

MR PNG CHEONG BOON age 50

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

DATE OF FIRST APPOINTMENT AS A DIRECTOR
15 October 2018

DATE OF LAST RE-ELECTION AS A DIRECTOR
26 April 2019

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2019)
1 year 2 months

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. Economic Development Board (Member)
2. Employment and Employability Institute Pte Ltd (Director)
3. Enterprise Singapore (Chief Executive Officer and 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)
10. EDBI Pte Ltd (Director)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JANUARY 2017 TO 31 DECEMBER 2019)
Nil

MR TAN SOO NAN age 71

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

DATE OF FIRST APPOINTMENT AS A DIRECTOR
28 July 2000

DATE OF LAST RE-ELECTION AS A DIRECTOR
27 April 2018

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2019)
19 year 5 months

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 2017 TO 31 DECEMBER 2019)
Nil

MR OLIVIER LIM TSE GHOW age 55

Non-Executive and
Non-Independent Director

ACADEMIC AND PROFESSIONAL QUALIFICATIONS
- Bachelor of Engineering (Civil) (First Class Honours), Imperial College, London

DATE OF FIRST APPOINTMENT AS A DIRECTOR
Joined from 1 October 2009 to 28 June 2013
Re-joined on 1 October 2014

DATE OF LAST RE-ELECTION AS A DIRECTOR
27 April 2018

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2019)
5 years 3 months (effective 1 October 2014)

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. DBS Bank Ltd (Non-Executive and Independent Director)
2. Certis CISCO Security Pte. Ltd. (Non-Executive and Independent Director / Chairman)
3. Frasers Property Australia Pty Ltd (Non-Executive and Independent Director / Chairman)
4. JTC Corporation (Member of Board)
5. Singapore Management University (Member of Board of Trustees)
6. NorthLight School (Member of Board of Governors / Director)
7. Securities Industry Council (Member)
8. PropertyGuru Limited (Non-Executive and Independent Director / Chairman)

PREVIOUS DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER THE PRECEDING THREE YEARS (1 JANUARY 2017 TO 31 DECEMBER 2019)
Nil

DR SARAH LU QINGHUI age 38

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
- Master of Science in Health Professions Education, MGH Institute of Health Professions, 2019

DATE OF FIRST APPOINTMENT AS A DIRECTOR
20 February 2018

DATE OF LAST RE-ELECTION AS A DIRECTOR
27 April 2018

LENGTH OF SERVICE AS A DIRECTOR (AS AT 31 DECEMBER 2019)
1 year 10 months

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

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 2017 TO 31 DECEMBER 2019)
Nil

DELIVERING
Excellence

Senior Management

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 in 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 Zones 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 the immediate past Chairman of JTC Corporation, Singapore's leading industrial infrastructure developer from January 2013 to March 2019. He was previously the Chairman of Sentosa Development Corporation Ltd and Sentosa Golf Club.

Dr Loo was the 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).

Dr Loo was awarded the Singapore National Day Awards Public Service Medal (2003), Public Service Star (2009) and Public Service Star (Bar) (2019) and the Distinguished Service Award (2005) from the Ministry of Home Affairs for his contributions to Singapore's fight against drug abuse.

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).

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.

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 and is a Fellow Member of the Association of Chartered Certified Accountants.

DR KENNETH WU
General Manager,
Raffles Hospital

Dr Kenneth Wu is the General Manager of Raffles Hospital and is responsible for the professional and operational 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.

MR YONG YIH MING
General Manager,
Raffles Medical

Mr Yong Yih Ming is the General Manager of Raffles Medical. He is responsible for developing and managing the Group's corporate businesses, the commercial performance and operational quality of the primary care network of medical centres / clinics and executive health screening centres, and government-related projects 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. Between 2013 and 2015, his portfolio included Raffles Dental, Raffles Chinese Medicine and Raffles Health.

Mr Yong has 16 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 currently serves 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 (NUS) in 2013. He is a guest lecturer with the NUS Saw Swee Hock School of Public Health and the University of Toronto's Rotman School of Management. He has been serving as a District Councillor with the South East Community Development Council since 2011.

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 17 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.

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 the health insurance and third party administration business. Ms Cheu joined the Group in 2017.

Ms Cheu has 26 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.

MS PAULINE CHUA
Director, Group Human Capital,
Raffles Medical Group

Ms Pauline Chua joined the organisation in March 2019 as Director, Group Human Capital. She is responsible for the Group's human resource and talent management function in Singapore and the region.

Prior to joining Raffles Medical Group, Pauline was the General Manager, Human Capital & Corporate Social Responsibility at Fuji Xerox Singapore; Director, Human Resource at Wildlife Reserves Singapore and Senior Manager, Recruitment & Organisation Development at Sentosa Leisure Group.

Pauline graduated from Victoria University of Wellington, New Zealand with a Bachelor of Arts (Honours) in Education and Psychology.

Senior Physician Leaders

DR ALFRED LOH
Senior Clinical Director

Raffles Medical

PROF WALTER TAN
Medical Director

Raffles Hospital

DR WILSON WONG
Medical Director

Raffles Medical

DR YANG CHING YU
Medical Director

Raffles Hospital
Raffles Hospital, Chongqing

DR ONISHI YOICHI
Medical Director

Raffles Japanese Clinic

DR CHNG SHIH KIAT
Medical Director

Raffles Medical

DR LEE JONG JIAN
Medical Director

Raffles Hospital

DR STANLEY LIEW
Medical Director

Raffles Hospital

DR MOTODA LENA
Medical Director

Raffles Japanese Clinic

DR LEE I WUEN
Deputy Medical Director

Raffles Hospital

A/PROF ABDUL RAZAKJR BIN OMAR
Deputy Medical Director

Raffles Hospital

PROF KEITH LAU
Deputy Medical Director

Raffles Hospital, Chongqing

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

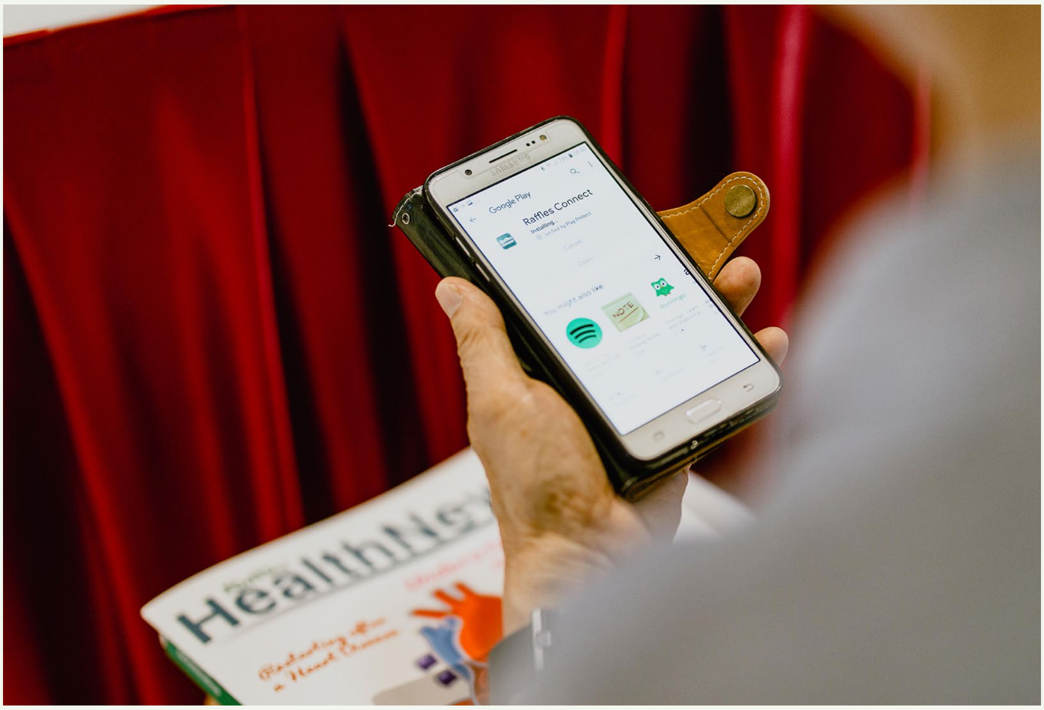
DR MELVYN WONG
Deputy Medical Director

Raffles Medical

GROWING FROM

Strength to Strength


Clinical instructor
RafflesHospital



The Raffles Connect App offers a host of mobile / remote services that include teleconsultation, medicine delivery and issuance of medical certificates.

Raffles Medical Group launched our one-stop e-healthcare platform – Raffles Connect in January 2019. Through this secured integrated digital platform, patients can book medical appointments, access their personal health records, receive health advisories and personalised health tips, access emergency services and purchase health supplements. This platform also offers round-the-clock telemedicine service that allows patients to see a Raffles doctor through a video-consultation anytime, anywhere, and have their prescribed medication delivered to their doorstep.

Mr Tharman Shanmugaratnam officiated the opening of the Raffles Specialist Centre in March 2019.

In the same year, Raffles Specialist Centre was officially opened on 12 March by Mr Tharman Shanmugaratnam, then Deputy Prime Minister of Singapore. With Raffles Specialist Centre in operations, Raffles Hospital is able to offer more quality services through new centres, such as the Raffles Breast Centre, Raffles Vascular Intervention Centre and Raffles Robotics Centre. The new facility made headway for the Hospital to enhance its services and care for more patients.

We marked another key milestone when Raffles Hospital Shanghai held its grand topping-out ceremony in May.

We marked another key milestone when Raffles Hospital Shanghai held a grand topping-out ceremony in May, in the central business district of Qiantan in Pudong, Shanghai. Bearing witness to the completion of the building's structure were Mr Heng Swee Keat, Deputy Prime Minister of Singapore; Mr Xu Kunlin, Vice Mayor of Shanghai Municipal People's Government; Mr Li Jinzhao, Chairman of Shanghai Lujiazui Group; and Dr Loo Choon Yong, Executive Chairman of Raffles Medical Group. Raffles Hospital Shanghai is the second international tertiary hospital to be established in China after Raffles Hospital Chongqing.

In 2019, the Group's revenue was $522 million, a 6.7 per cent growth compared to 2018. The Group's EBITDA reflected $105.4 million in comparison with $102.5 million in 2018, a 2.8 per cent year-on-year growth.

REVENUE	EBITDA
$552m	$105.4m
▲ 6.7%	▲ 2.8%

A Raffles surgeon working at the console of the latest da Vinci Xi surgical robot for greater precision and accuracy.

RAFFLES HOSPITAL

MEETING MORE PATIENTS' NEEDS

In the year, Raffles Hospital continued to observe a strong demand for our services from locals, expatriates and tourists around the region.

The new Raffles Specialist Centre forms the new wing of the hospital and provides opportunities to grow and meet the medical needs of our patients. Leveraging advanced medical technology, Raffles Robotics Centre saw its first patient in December 2019. The Centre utilises robotic technology to assist surgeons in performing minimally invasive surgeries.

To support our inpatient needs, the renovated ward on level 10 was opened, which afforded us with the ability to serve a greater number of patients. We also continued our collaboration with MOH to better manage patient load conveyed by the Singapore Civil Defence Force ambulances. A dedicated ward on level 13 was opened to care for these patients. With these wards in operation, the existing wards on levels 8 and 9 are undergoing refurbishment in 2020, thereby further enhancing our capacity for growth.

Raffles Hospital entered into a strategic partnership with Prudential Insurance to provide their policyholders with seamless quality private healthcare experience. This arrangement provides their members with the convenience of cashless medical services for specialist consultations, admissions and follow-up consults.

A BABY FRIENDLY HOSPITAL

We maintained our focus to provide high-quality care with emphasis on clinical governance, expertise and management. In November 2019, Raffles Hospital proudly received the Baby-Friendly Hospital Initiative (BFHI) accreditation. BFHI is supported by Singapore's Health Promotion Board and is part of a global effort founded by UNICEF and the World Health Organisation to ensure maternity hospitals meet best practice standards in supporting mothers to breastfeed successfully.

RAFFLES MEDICAL

ENHANCING PATIENT CARE AND EXPERIENCE THROUGH DIGITALISATION AND INNOVATION

Raffles Medical introduced various digital innovations to enhance patient experience and improve healthcare accessibility to patients.

In December, an 'eQueue' service to provide patients with a more seamless experience at Raffles Medical clinics was introduced through the Raffles Connect App. The App reduces waiting time at the clinics as a queue number is issued prior to arrival. The App also facilitates other services such as patient registrations, teleconsultation with a doctor, medication collection and payment at our clinics.

With the launch of teleconsultation and eQueue service, we aim to bring more convenience to our patients through these digital initiatives.

On our e-Commerce platform, the list of service offerings has been enhanced to provide patients with more options such as health screening, vaccination, life-saving certifications, and other healthcare services.

EXPANDING OUR HEALTH SCREENING CENTRE NETWORK

As an ongoing effort to increase convenience for patients, Raffles Medical added a fifth executive health screening centre – Raffles Health Screeners at Waterway Point – the first in a community setting. The other four centres are located at Raffles Hospital Singapore, Shaw Centre, Raffles Holland V and Marina Bay Financial Centre. This addition has provided more convenience for our patients seeking comprehensive health screening for themselves and their loved ones.

ENHANCING PRIMARY AND COMMUNITY HEALTHCARE THROUGH NEW PARTNERSHIPS

We are pleased to offer our patients with enhanced options to manage chronic diseases. Through the Primary Care Network (PCN) scheme by MOH and the Agency for Integrated Care (AIC), our patients can access various chronic disease management programmes such as diabetic foot screening and retinal photography at a subsidised rate. PCN complements the Community Health Assist Scheme (CHAS) and Pioneer and Merdeka Generation packages to enhance acute and chronic care for Singaporeans.

We are also a partner to the Health Promotion Board (HPB) to vaccinate secondary school students with the Human Papilloma Virus (HPV) vaccine. This complements the existing MOH Border Screening project to help facilitate community disease prevention and surveillance for Singapore.

PROVIDING ONE-STOP CORPORATE SOLUTIONS

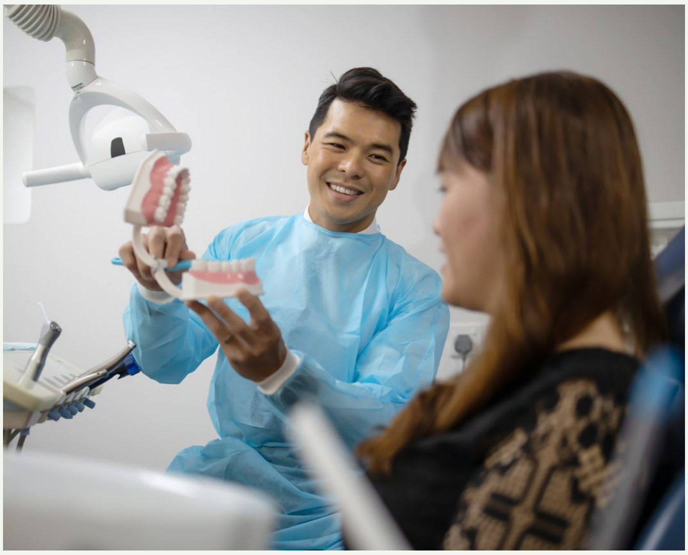
Raffles Medical onboarded new corporate partners in the financial, food and beverage, construction, manufacturing and government sectors in Singapore. The partnerships allowed us to offer integrated corporate healthcare solutions to these companies to better manage rising healthcare costs, productivity, mitigate occupational health risks, and improve overall wellness among their employees.

RAFFLES DENTAL

INCREASING BRAND VALUE

Raffles Dental welcomed three new dental surgeons and a full-time dental specialist in endodontics in 2019. This increased our capacity to serve more patients at Raffles Hospital and regional centres.

To meet the growing demand for more complex dental work in the general practice setting, Raffles Dental also invested in training programmes to equip its dentists with upgraded skills.



A dental surgeon demonstrating proper brushing technique.

RAFFLES CHINESE MEDICINE

REACHING A WIDER AUDIENCE

Our strategy for 2019 saw us listing more Traditional Chinese Medicine (TCM) services online on our e-Commerce site. In addition, we consolidated our operations to two clinics. This has certainly paid off as we saw overall improvements in revenue and profits for 2019.

Raffles Health's newly renovated flagship store opened at Raffles Hospital.

RAFFLES HEALTH

EXPANDING FOR FUTURE GROWTH

Raffles Health completed the refresh of its flagship retail store at Raffles Hospital, more than doubling its store size to better serve customers. 2019 also saw improved e-Commerce sales with a wider and more comprehensive range of products available on our e-store at www.RafflesHealth.com, deeper engagement with channel partners and stronger corporate sales.

A trainer from RHCI guiding two students on how to resuscitate a patient.

RAFFLES HEALTHCARE INSTITUTE

GROOMING LOCAL AND FOREIGN HEALTHCARE PROFESSIONALS

Raffles Healthcare Institute (RHCI) extended its education arm to support the training and development of local and foreign healthcare professionals in the industry.

This was characterised by the partnership between RHCI and local and international academic institutions to host healthcare practitioners pursuing higher learning to advance their careers in the healthcare industry.

The participants were presented with an overview of the Singapore Healthcare System and were introduced to the organisation, structure, services, and accomplishments of the Group.

RHCI strengthened its collaborative arm by forging a Memorandum of Understanding with HMI Group to provide clinical attachment placements for HMI trainees (studying WSQ Higher Certificate in Healthcare Support in Nursing Care, Operating Theatre Support, Sterilisation Services, Administrative Support and Therapy Services) at Raffles Hospital and Raffles Medical clinics.

RAFFLES HEALTH INSURANCE

Raffles Health Insurance (RHI) has seen strong growth in its employee benefit business with the successful acquisition of large accounts. Raffles Shield continues to grow and build momentum.

As part of the overall RMG digital initiative, RHI is partnering with Doctor World, a company licensed by MOH to develop a digital platform that provides a full suite of healthcare and insurance services for our patients. These include telemedicine services, online claim submission and management tools to increase customer engagement and improve services.

RHI staff meeting a client at the Customer Centre located at Raffles Hospital

RAFFLES MEDICAL INTERNATIONAL

In Indo-China, the Raffles Medical brand continued to grow and has built a strong presence in the corporate health screening market. Working closely with Raffles Hospital Singapore, we provide seamless integrated care to patients in Vietnam and Cambodia.

A Raffles Medical International doctor reviewing a health screening report with a patient.

RAFFLES HOSPITAL IN CHONGQING

Raffles Hospital Chongqing (RHCQ) has completed its first year of operations in 2019. The 700-bed hospital is currently operating 24 hours and offers a suite of specialist services such as internal medicine, obstetrics & gynaecology, paediatrics, gastrointestinal surgery, cardiology, neuroscience, oncology, dermatology, ophthalmology and otolaryngology.

2019 was an exciting year for RHCQ with many milestones achieved. Doctors at the hospital performed its first surgery in the operating theatre shortly after opening. We also welcomed the arrival of our first baby on Christmas Eve, and organised the first International Oncology Symposium in collaboration with the Chongqing Oncology Association.

RHCQ hosted many government officials including Mr Chen Min'er, Party Secretary of Chongqing Municipal.

We successfully applied to be a designated hospital under Chongqing's social health insurance - Yibao, making us one of the few international hospitals accepted into this national programme. Yibao allows local patients to be reimbursed for their medical expenditure.

Corporate Social Responsibility

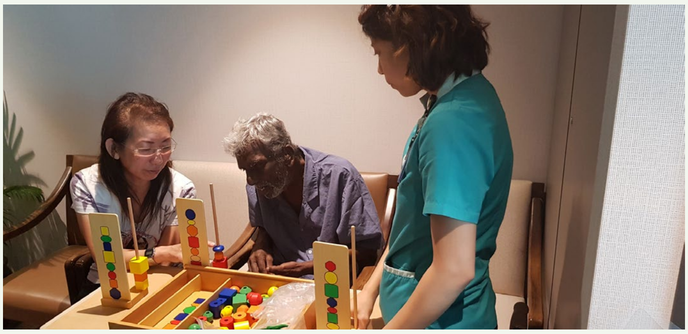
CHARITY

ZION HOME FOR THE AGED

The Zion Home for the Aged is a shelter and home for aged females that was established in 1979. 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 services and advice for the residents. Residents who require further specialist consultations are referred to Raffles Hospital for X-rays, laboratory tests and medication by specialist doctors at no expense.

BEFRIENDING OUR PATIENTS

A volunteer interacting with patients through games.



Helping a patient to improve his motor-skills through activities.

Volunteers engaging with patients.

JUMBLE SALE

Gearing up for the jumble sale held at Raffles Hospital lobby.

A regular Saturday engagement with patients staying at Ward 13 started with games and songs. A total of 72 RMG staff volunteered their time to interact and engage with these patients.

In November, a jumble sale held at the Raffles Hospital lobby raised funds for PERTAPIS Senior Citizen Fellowship Home. This was done through a pop-up stall that sold a variety of new and pre-loved items donated generously by staff. The PERTAPIS is an approved charitable organisation under the Charities Act (Cap. 37) with Institution of Public Character (IPC) status, and has helped more than 3,000 families in need.

CHRISTMAS CELEBRATION AT ZION HOME FOR THE AGED

Christmas came early for residents at the Zion Home for the Aged on 7 December 2019. They were treated to a sumptuous buffet lunch as nine volunteers mingled with the residents over a sing-along session of Christmas carols.

THE FOOD BANK SINGAPORE

RMG formed a team of 20 volunteers who spent a Saturday afternoon in December sorting donated food items at the Food Bank Singapore (Foodbank). Foodbank is a registered IPC in Singapore. It operates as a foodbank that collects excess food from food suppliers and re-distributes them to organisations such as old folks' homes, family service centres and soup kitchens. It is a member of the Global Foodbanking Network.

COMMUNITY

ENHANCED SCREEN FOR LIFE (SFL)

Raffles Medical supports SFL, the national screening programme by the Health Promotion Board that offers Singaporeans and Permanent Residents health screening recommendations and the necessary follow-up based on age and gender. With effect from 1 September 2017, Pioneer Generation cardholders, Community Health Assist Scheme cardholders, and all other eligible Singaporeans can access subsidised Chronic Disease blood test, Colorectal Cancer test and Cervical Cancer test with one post-screening consultation at a subsidised fee at Raffles Medical's CHAS clinics.

PRIMARY CARE NETWORK (PCN)

For five years, Raffles Medical has been a participant of MOH's Primary Care Network (PCN) Scheme. Under the scheme, MOH provides funding for operational and administrative support to Raffles Medical General Practitioners for managing patients with chronic disease conditions. PCN has nurse counsellors, care coordinators, and chronic disease registries to help manage patients with more complex chronic conditions and care needs. New services offered are Diabetes Foot Screening, Diabetes Retinal Photography and Nurse Counselling.

HEALTH SUPPLEMENTS

The Group provides complimentary supplements to members of the community through various events such as health talks and charity events.

EDUCATION

BURSARY AWARD

There were 12 bursaries disbursed to the Group's staff for their children's education under the RMG Bursary. The financial assistance aims to give them a head start in their life and career.

CLINICAL TRAINING AND INTERNSHIPS

RMG provided clinical supervision to 472 students and received 56 interns from various post-secondary educational institutions such as National University of Singapore, Nanyang Technological University, Singapore Management University, Singapore Institute of Technology, Nanyang Polytechnic, Ngee Ann Polytechnic, Singapore Polytechnic, Temasek Polytechnic, Republic Polytechnic and Institute of Technical Education.

These clinical and internship placements cover diverse areas including nursing, radiography, laboratory, pharmacy, biomedical engineering, business management, communications, accounting, finance and information technology.

In 2019, RMG trained 1,642 corporate clients as well as healthcare professionals in Life Support courses such as Basic Cardiac Life Support, Automated External Defibrillator, First Aid Awareness, and Standard First Aid.

The local outreach programmes exemplify the enduring commitment of the Institute to contribute to the development of healthcare professionals with a goal to improve the quality of healthcare.

RMG is committed to creating direct and indirect economic value for our stakeholders including patients, staff, investors, the community and the environment continuously. Through our business polices and operations, RMG:

- Delivers financial returns to the investors
- Supports infrastructure through taxes and other payments to government
- Contributes to the local economics and communities by creating jobs, generating income and transferring efficiency gains

Sustainability Statement

The Board of Raffles Medical Group (RMG) 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 as well as Environmental, Social and Governance (ESG) performance.

The Group's 2019 Sustainability Report will be available in May 2020.

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
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 Jenny Oh
Ms Sharon Wee
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 Chng Shih Kiat
Dr Chong Yong Yeow
Dr Tan Hsiang Lung
Dr Stanley Liew Choon Fong
Dr Dawn Mya Hae Tha
Ms Lilian Yew
Ms Kartini Sameejan
Mr Fadhillah Bin Abu Bakar (Secretary)

SURGICAL AUDIT COMMITTEE

Dr JJ Murugasu (Chairman)
Dr Eric Teh (Co-Chairman)
Dr Lee Jong Jian
Dr Lee I Wuen
Dr Wong Jen San
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 Leyland Chuang Lee Ren (Co-Chairman)
Dr Fong Sau Shung
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
Ms Loke Mei Choo
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 Dawn Mya Hae Tha (Chairman)
Dr Nicholas Goh (Co-Chairman)
Dr Ekachai Danpanich
Ms Sadiah Mohd Yusof
Ms Fa'eezah Bte Hamzah
Ms Sarina Bte Saleh
Ms Nurhayati Binte Mohd Dali
Ms Louisa Chew (Secretary)

PATIENT CASE REVIEW COMMITTEE

Dr Ng Chin (Chairman)
Dr Chong Yong Yeow (Co-Chairman)
Dr Amitabh Monga
Ms Liu Wei Wei
Mr Andrew Lum
Ms Ong Suat Kien
Mr Lim Hun Teck
Ms Chew Sook Har
Mr David Benjamin Del Rosario
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 Lim Yun Chin
Dr Yvonne Loh
Dr Amitabh Monga
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 Ho Kok Yuen
Dr Wong Jen San
Dr Chee Shang Yao
Dr Anthony Foo
Dr Fong Sau Shung
Ms Kartini Sameejan
Ms Ong Suat Kien
Ms Teo Poh Lin
Ms Lee Weiling Joanna
Ms Lim Li Sar
Ms Than Sook Ling
Mr Fadhillah Bin Abu Bakar
Mr Eugene Lam (Secretary)

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 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
Mr Png Cheong Boon
Dr Sarah Lu Qinghui

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:
Ms Karen Lee Shu Pei
Year of Appointment: 2019

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 Ng Chee Peng
(Independent Director)

Mr Tham Khai Wor
(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 Goh Kim Chuah
Year of Appointment: 2019

PRINCIPAL BANKERS

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

Corporate Governance Report

Raffles Medical Group (RMG or the Company, and together with its subsidiaries, the Group) is committed to achieving and maintaining high standards of corporate governance to ensure greater corporate transparency and protection of shareholders' interest.

This corporate governance report outlines the main corporate governance policies, processes and practices adopted by RMG during the financial year ended 31 December 2019 (FY2019) with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the Code or CCG 2018). To the extent where any provisions have not been fully complied with, appropriate explanations have been provided in the relevant sections.

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

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. Directors act objectively in the best interests of the Group and will hold Management accountable for its performance. The Board is accountable to shareholders and responsible for the long-term success of RMG and its subsidiaries. The primary function of the Board is to:

(a) provide entrepreneurial leadership, guide the formulation of the Group's overall long-term strategic objectives, with appropriate focus on value creation, innovation and sustainability;

(b) ensure necessary resources are in place for the Group to meet its strategic objectives;

(c) establish and maintain 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;

(d) monitor and review the performance of the management;

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

(f) 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

(g) also consider diversity, environmental and social issues, amongst others.

The Group has in place a Code of Conduct and Ethics (including Conflicts of Interest), which sets the appropriate tone-from-the-top, the desired organisational culture, and ensures proper accountability within the Company. Directors are expected to objectively discharge their fiduciary duties and responsibilities in the interest of the Company and 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 include, but are not limited to:

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

(a) The approval of interim and full year results announcements;

(b) The approval of the annual audited accounts;

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

(d) Convening of shareholders' meetings;

(e) The approval of the overall corporate strategy and objectives 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 interested person transactions involving substantial shareholders and/or Directors; and

(j) The appointment of new Directors.

All other matters may be 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

The Company provides a comprehensive induction and training programme for incoming Directors joining the Board to familiarise them with the Group's operations, businesses and corporate governance practices, amongst others. Each newly appointed Director receives a formal letter on his/her duties, responsibilities, disclosure obligations and best practices in relation to dealing in securities under applicable laws and regulations. The Group will also arrange for new directors to attend training in areas such as accounting, legal, risk management, strategy and leadership, as appropriate.

The Company Secretary updates the Directors, on any regulatory changes which has a material impact on either the Group or its Directors, during Board meetings, while the Company's external auditors (the External Auditors), KPMG LLP (KPMG), updates and briefs the ARC on key amendments to the Singapore Financial Reporting Standards (International)(SFRS(I)).

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

The Directors are advised and encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors (SID) and those courses which SID offers in partnership with the Accounting and Corporate Regulatory Authority, Singapore Exchange Limited, the Institute of Singapore Chartered Accountants and Singapore Management University. Directors are also encouraged to attend relevant courses offered by other institutes. 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 SFRS(I), 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.

All agendas, papers and meeting materials are circulated to all members of the Board, ahead of each meeting. In the event, a director is unable to attend a board or board committee meeting, he or she would advise the Chairman or relevant board committee Chairman of his or her views and comments, if any, 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 CODE	AGM	BOARD	ARC	NCC
Dr Loo Choon Yong	NI	E	No	◇ 1/1	◇ 4/4	-	-
Mr Koh Poh Tiong	I	NE	Yes	● 1/1	● 4/4	● 4/4	● 2/2
Mr Kee Teck Koon	I	NE	Yes	● 1/1	● 4/4	◇ 4/4	-
Mr Eric Ang Teik Lim	I	NE	Yes	● 1/1	● 4/4	-	◇ 2/2
Dr Wee Beng Geok	I	NE	Yes	● 1/1	● 4/4	-	● 2/2
Professor Lim Pin	I	NE	Yes	● 0/1	● 2/4	-	● 1/2
Mr Raymond Lim Siang Keat	I	NE	Yes	● 1/1	● 3/4	● 3/4	-
Mr Png Cheong Boon	I	NE	Yes	● 1/1	● 4/4	-	● 1/1[(1)]
Mr Tan Soo Nan	NI	E	No	● 1/1	● 4/4	-	-
Mr Olivier Lim Tse Ghow	NI	NE	No	● 1/1	● 3/4	-	-
Dr Sarah Lu Qinghui	NI	NE	No	● 1/1	● 4/4	-	● 0/1[(2)]

Notes:

(1) Mr Png Cheong Boon was appointed as a member of the NCC on 27 June 2019.

(2) Dr Sarah Lu Qinghui was appointed as a member of the NCC on 27 June 2019.

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

MULTIPLE BOARD REPRESENTATIONS

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.

The NCC takes into account, amongst 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 in the world (excluding nominee directorship of listed companies for which the Director is an employee). During FY2019, none of the Directors holds more than six directorships in public listed companies. The Company does not have any alternate directors on its Board.

BOARD SUPPORT AND ACCESS TO INFORMATION

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.

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, and the Chief Financial Officer (CFO) or Group Financial Controller (GFC) will also present the financial performance of the Group. 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 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

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

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

Board Size and Composition

As at the date of this Report, the Board comprises eleven members, of whom nine are Non-Executive and seven are deemed 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	26/04/2019	Director	Chairman of NCC
Dr Wee Beng Geok	27/11/2000	Non-Executive and Independent	26/04/2019	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 Png Cheong Boon	15/10/2018	Non-Executive and Independent	26/04/2019	Director	Member of NCC(1)
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	20/02/2018	Non-Executive and Non-Independent	27/04/2018	Director	Member of NCC(2)

Notes:

(1) Mr Png Cheong Boon was appointed as member of the NCC on 27 June 2019.

(2) Dr Sarah Lu Qinghui was appointed as member of the NCC on 27 June 2019. 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.

As at 31 December 2019, there is a strong independence element in the Board, with the NCC considering seven out of the eleven Board members to be independent. As such, the Board composition has met the provisions 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" when they are independent in conduct, character and judgement, and they have no relationship with the Company, its related corporations, its substantial shareholders (defined as shareholders with interests of not less than 5%) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Group.

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

Board Size and Composition (cont'd)

The Board and the NCC regularly examine the size of the Board and Board Committees, with a view to determine the impact of the number upon effectiveness, to decide on an appropriate size for the Board and its Board Committee, after 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 the importance and benefits of having a diverse Board to enhance its performance. The Company believes that diversity, in all aspects, is an important attribute of a well-functioning and effective Board and is accordingly committed to promoting diversity on the Board.

Board Diversity Policy

In determining the composition of the Board, RMG shall consider candidates with varying skill sets, industry and business experiences, gender, age, ethnicity and cultural backgrounds. This will help to provide a diverse range of viewpoints in decision-making. The final appointment of directors shall be based on merit with a view to maintaining board diversity and effectiveness.

The NCC is responsible for reviewing and assessing the composition of the Board and making recommendations to the Board for appointment of new directors. The NCC shall review the structure, size, balance, and diversity of the Board annually and recommend any proposed changes to the Board to complement RMG's objectives and strategies, including this Policy.

Board Diversity Objectives

The Company has additionally set a gender diversity objective to ensure that the proportion of women on the Board is equal to or higher than the average women's representation on boards of large-cap companies listed on Singapore Exchange Securities Trading Limited (SGX-ST). As at 31 December 2019, female directors represented 18.2% of total Board membership, which compared favourably to the national average of 16.2% *(Source: Council for Board Diversity)*. The Company will continuously set other measurable objectives to promote board diversity in other dimensions.

The Board currently comprises Directors from different industries and background, with a wide range of business and management experience, knowledge and expertise who, as a result of their different backgrounds, have diversity of thought that is beneficial for the Group. The Board, collectively, provides core competencies in healthcare, education, accounting, finance, strategic planning and risk management to meet the goals of the Company. Such diversity, including diversity of thought, 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.

Non-Executive Directors

The Board considers its Non-Executive Directors to be of sufficient calibre and number. Their views are of sufficient weight such 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 in 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 and perspective of all shareholders and stakeholders of the Group. In addition, the Non-Executive Directors also review and monitor the performance of Management in meeting the goals and objectives of the Group. The Non-Executive Directors and/or Independent Directors meet without the presence of the Management, as and when the need arises. The Chairman of such meetings provides feedback to the Board and/or Chairman, as appropriate.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Board is of the view that it is in the best interest of the Company to adopt a single leadership structure, whereby the Executive Chairman and the Chief Executive Officer (CEO) is the same person, so as to benefit from his knowledge and experience of the medical industry and to ensure a streamlined decision-making process.

Dr Loo Choon Yong, the founder and Executive Chairman of the Group, is responsible for charting the strategic direction and growth of the Group, as well as the day-to-day management of the Group. The Executive Chairman also ensures that the strategic plans set out by the Board are properly executed and that the Directors are kept updated and informed of the Group's business performance regularly.

The Executive Chairman sets the agenda for Board meetings and ensures that adequate time are available for discussion of all items, in particular, strategic issues and promotes a culture of openness and constructive relations within the Board and between the Board and Management to facilitate the effective contribution of Non-Executive and Independent Directors. He made sure that the Board receives complete, adequate and timely information, and ensures effective communication with shareholders. He also takes a lead role in promoting high standards of corporate governance.

The Executive Chairman ensures that the Board is properly briefed in a timely manner on pertinent issues and developments. The Board regularly obtains the independent views of each Independent Director. The Executive Chairman also leads the evaluation of the Senior Management's 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 Executive Chairman is responsible for establishing the risk boundaries of the Group and ensures that strong 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, and having the majority of the Board and NCC comprise of Independent and Non-Executive Directors.

Additionally, the General Managers of each business unit are responsible for the execution of the Group's strategies and setting the policies for their respective business units. 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 Lead Independent Director leads Board discussions with the Independent and Non-Executive Directors in circumstances where it would be deemed inappropriate for the Executive Chairman to serve in such a capacity. He also assists the Executive Chairman and the Board to ensure that the affairs of the Board and of the Company are managed in accordance with good corporate governance practices and principles.

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 when contact through the normal channels of communication with the Executive Chairman, the CFO or GFC have failed to resolve the issues or for which such contact is inappropriate. The Lead Independent Director would provide feedback to the Executive Chairman after such meetings.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Company has established a NCC to, amongst others, make recommendations to the Board on all Board appointments, re-appointments and oversee the Board, Executive Chairman, the CEO and key management personnel (KMP) succession plans as well as the review of training and professional development programmes.

The NCC has six members and is fully made up of Non-Executive Directors, the majority of whom, including the NCC Chairman, are Independent Directors. The independence of the NCC is further enhanced by having the Lead Independent Director as one of its members.

The key memberships and responsibilities of the NCC are set out on pages 44 to 45.

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 the need for a new Director arises, the NCC, in consultation with the Board, evaluates and determines the selection criteria for the appointment of new Directors collectively, by taking into account, their skills, experience, contribution to Board diversity, as well as Company and industry knowledge. The NCC seeks potential candidates beyond the recommendation of Directors or Management 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) Ability 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 organisations.

Re-nomination and Re-appointment of Directors

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

All Directors, including the Executive 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:

PRINCIPLE 4: BOARD MEMBERSHIP (CONT'D)

Re-nomination and Re-appointment of Directors (cont'd)

(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.

The NCC had recommended to the Board that Directors who have served for more than nine years and wish to remain as Independent Directors, be subjected to a two-tiered voting process when they seek re-election at the shareholders' general meeting immediately preceding 1 January 2022. The two-tiered voting will involve the approval by shareholders in two separate resolutions to be approved by (i) all shareholders; and (ii) all shareholders, excluding shareholders who also serve as the Directors or the CEO of the Company, and associates of such Directors and CEO.

Review of Directors' Independence

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

For transparency, the NCC has set out its determination of the independence of each of the seven 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 and Mr Png Cheong Boon in the paragraphs that follow.

Mr Koh Poh Tiong is a Non-Executive and Non-Independent Director and Adviser of Fraser & Neave Limited. Mr Koh is also the Non-Executive Director of Delfi Limited, Saigon Beer Alcohol Beverage Corporation and BeerCo Limited. In addition, Mr Koh is the Chairman of Bukit Sembawang Estates Limited, Times Publishing Limited and Yunnan Yulinquan Liquor Co Ltd. Mr Koh's roles in all the aforementioned appointments are non-executive in nature and he is not involved in the business operations of these 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 to be independent of the management and of any 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, NTUC Fairprice Co-operative Limited, NTUC Enterprise Co-operative Limited and Lien Foundation. He also holds the position of Non-Executive Director / Deputy Chairman of NTUC Income Insurance Co-operative Limited. Mr Kee's roles in all the aforementioned appointments are non-executive in nature and he is not involved in the day-to-day conduct of business of these companies. Mr Kee is considered to be independent of the management and of any business relationships with the Company.

Mr Eric Ang Teik Lim (Mr Ang) was appointed as a Senior Executive Adviser by DBS Bank Ltd (DBS) which provided banking services to the Group but he had since retired on 25 January 2020. 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. In addition, the services were not material in the context of all the services that the Group received from its banks in FY2019 and the payments made to DBS were also not material relative to the revenue of DBS in FY2019.

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 the 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 also not involved in the day-to-day conduct of the business of the aforementioned companies and organisations. Mr Ang is considered independent of the management and of any business relationships with the Company.

PRINCIPLE 4: BOARD MEMBERSHIP (CONT'D)

Review of Directors' Independence (cont'd)

Mr Raymond Lim Siang Keat (Mr Lim) 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 aforementioned appointments is non-executive in nature, and he is not involved in the business operations of these companies. Mr Lim is also appointed as the Executive Chairman of APS Asset Management Pte Ltd and Senior Adviser to John Swire & Sons (Hong Kong) Ltd.

Mr Lim had declared to the NCC that his son, Dr Lim Wei Han (Dr Lim), is employed as a Physician by the Group. However, Dr Lim's remuneration is not determined by the NCC. The remuneration of Dr Lim follows the same remuneration framework as that applicable to the Group's physicians. The Board had assessed and is satisfied that Mr Lim's independence will not be affected, notwithstanding Dr Lim's employment with the Company. Mr Lim is considered independent of the management of the Company.

Mr Png Cheong Boon (Mr Png) is the Chief Executive Officer and a Member of Enterprise Singapore (ESG) and currently serves on the boards of the Economic Development Board (EDB), Employment and Employability Institute Pte Ltd, Singapore Innovate Pte Ltd and EDBI Pte Ltd.

The Group provides healthcare services to ESG and EDB and the Board considered that the transactions with ESG and EDB were carried out in the ordinary course of business, on normal commercial terms and at arm's length. In addition, the value of services was not material relative to the revenue of the Group in FY2019.

Besides being the Deputy Chairman of the Singapore Cooperation Enterprise, Mr Png is also the Chairman of Enterprise Singapore Holdings Pte Ltd, Growth Enterprise Fund Pte Ltd, SPRING Equity Investments Pte Ltd and Infrastructure Asia. Mr Png's roles in all the aforementioned appointments are non-executive in nature and he is not involved in the day-to-day conduct of the business of these companies. Mr Png is considered independent of the management and of any business relationships with the Company.

The Board recognises that Independent Directors will over time develop significant insights into the Group's business and operations, and can continue to provide valuable and objective contributions to the Board as a whole. The Board is of the view that the independence of a Director cannot be determined arbitrarily with reference to their tenure on the Board. Nevertheless, when there are Directors who have served beyond nine years, the Board will rigorously review their continuing contribution and independence in determining whether the continued appointment of such Directors is appropriate. During the financial year under review, the independence of Dr Wee Beng Geok (Dr Wee) and Professor Lim Pin (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. Amongst 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 in the best interests of the Company. Having taken these considerations into account, the NCC considers both Dr Wee and Professor Lim to be independent of the management and of any business relationships with the Company.

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, in the course of discharging their responsibilities as Independent and Non-Executive 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 to the Company and the Group as a whole. In addition, there is no association with Management that could compromise their independence. Accordingly, the Board took the view that 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 determined that Dr Wee and Professor Lim should continue to be regarded as Independent Directors of the Company, notwithstanding the fact that they have served more than nine years. Additionally and in mitigation, the NCC had recommended to the Board that going forward, Directors who have served for more than nine years and wish to remain as Independent Directors, be subjected to a two-tiered voting process when they seek re-election at the shareholders' general meeting immediately preceding 1 January 2022. Details of this have been elaborated in preceding paragraphs.

PRINCIPLE 4: BOARD MEMBERSHIP (CONT'D)

Review of Directors' Independence (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 and Mr Png Cheong Boon had demonstrated independence of character and judgement in the discharge of their respective responsibilities as Directors of the Company during the financial year 2019, 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's deliberation on any transactions that could potentially have given rise to a conflict of interest. The Board therefore considers that the relationships and circumstances pertaining to each of these seven Directors set out above did not impair their independence and objectivity.

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

On the basis of the declarations of independence provided by the Directors and the provisions set out 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 Non-Independent Directors of the Company.

Key information on 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 37 of the Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

On an annual basis, the NCC reviews the Board's performance based on objective 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 FY2019, the Questionnaires on the performance of the Board and Board Committees were 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's performance, as a whole, than individual directors, collectively, in its appraisal process.

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

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

Matters which are required to be disclosed in the annual remuneration report have been disclosed in this Report and in the notes to the financial statements of the Company and of the Group. Where there are deviations from the Code, explanations would be given.

NOMINATION & COMPENSATION COMMITTEE

The Company has consolidated the functions of both the nominating and remuneration committees under the umbrella of 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) Making 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, the Chief Executive Officer and KMP;

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

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

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

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

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

(c) Making recommendation of membership of Board Committees to the Board.

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

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

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

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (CONT'D)

NOMINATION & COMPENSATION COMMITTEE (CONT'D)

(g) Assisting the Board with responsibilities on remuneration and talent management matters, to:

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

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

(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 relevant reports, surveys or information, at the expense of the Company, subject to any 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) Review, as and when required, the contractual terms of KMP and ensure that any termination payments are fair to both the individual and the Company. Poor performance should not be rewarded;

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

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

(h) Review the design of 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 by the Board to delegate to the Executive Chairman or Company Secretary to approve and release relevant 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 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, Dr Wee Beng Geok, Mr Png Cheong Boon and Non-Executive and Non-Independent Director, Dr Sarah Lu Qinghui. The majority of the NCC members, having managed large organisations and Professor Lim Pin, who was also the past Chairman of the National Wages Council, are knowledgeable and experienced in the field of executive compensation.

In FY2019, the NCC considered and reviewed, amongst others, remuneration matters and recommended to the Board the new incentive plans, namely RMG (2020) Performance Share Plan and RMG (2020) Share Option Scheme, which is subject to regulatory approval as well as approval by shareholders at the General Meeting.

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, when necessary, the NCC ensures that existing relationships, if any, between the Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. In FY2019, the Company did not engage any remuneration consultants.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Group adopts a remuneration framework that is responsive to the market elements and performance of the Group and business divisions respectively. It is structured to link a significant and appropriate proportion of rewards to the Group's and each individual's performance. The NCC establishes the appropriate remuneration frameworks by determining the level and structure of remuneration for the Directors and KMP of the Company. The resulting remuneration packages aim to attract, retain and motivate the Directors to provide good stewardship of the Group and KMP to successfully manage the Group in the long term. The frameworks are reviewed periodically to ensure that they remain relevant, competitive and fair. The NCC takes into consideration the long-term interest and risk policies of the Company and structures the remuneration packages on certain 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. To align with shareholders' interests, the Directors and KMP received share options under the RMG (2010) Share Option Scheme with a minimum vesting period of one to three years.

The NCC determines and reviews the remuneration packages for the Executive Chairman and KMP based on the Group's remuneration policy.

The NCC consists entirely of Non-Executive Directors, the majority of whom are 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. The Group has the discretion to revoke any component of the relevant KMP's remuneration in the event of a breach of the terms of their employment, misstatement of financial results, or any misconduct which results in financial loss to the Company.

The NCC reviews Directors' fees annually and makes recommendations to the Board and shareholders for endorsement and approval, respectively. Under the current remuneration framework, the fees are structured on the basis that Directors with additional duties as members or Chairpersons 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. As an executive Director, the Executive Chairman does not receive any Directors' fees.

In FY2019, the Directors receive directors' fees, commensurate with their contributions, after taking into account factors such as effort, time spent and the individual responsibilities of each respective Directors. These Directors' fees have been reviewed by the NCC and are benchmarked against fees paid by comparable companies in Singapore. Each member of the NCC abstains from making a recommendation on his or her remuneration.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

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 Directors and KMP are flexible and responsive to existing market conditions. It also takes into account the performance of the individual as well as the performance of the business units within the Group.

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 KMP to achieve the Company's business vision and create sustainable value for its stakeholders. The Company takes into account its long-term interest and risk policies and has structured remuneration packages on measured performance indicators, taking into account financial and non-financial factors. Accordingly, to align Executive Directors, KMP and all employees' interest with that of the Group and its shareholders, remuneration packages are structured to comprise of fixed, variable and share-based pay components.

The fixed component is in the form of a base salary, allowances and benefits-in-kind. The variable component is in the form of variable bonuses which is linked to the Company's and individual performance. Share-based components are 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 KMP. This is to ensure that Directors' and KMP's interests are aligned with that of shareholders. Key information on the RMG (2010) Share Option Scheme is set out on pages 68 to 71 of the Annual Report.

The summary of Directors' remuneration for FY2019 are set out below:

	NUMBER OF DIRECTORS	
REMUNERATION BAND	2019[1]	2018
$500,000 and above	1	1
$250,000 and below $500,000	1	1
Below $250,000	10	10
	12	12

Note:

[1] Includes pro-rated Director's remuneration payable to Mr Lim Beng Chee who had retired from the Board on 26 April 2019.

The Board is of the view that, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive resource environment in which the Company operates and the importance of ensuring stability and continuity of business operations, the Company has disclosed the remuneration of each individual Director and the CEO on a named basis with breakdown in percentages. The Company has also, 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".

The remuneration of the Executive Chairman is included under the table for Directors' compensation.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION (CONT'D)

Directors' Compensation

Details of the compensation for each individual Director for FY2019 are as follows:

NAME OF DIRECTOR	BASE OR FIXED SALARY[1] %	VARIABLE OR BONUS[2] %	DIRECTORS' FEES %	SHARE BASED[3] %	TOTAL COMPENSATION %
$500,000 and above					
Dr Loo Choon Yong Executive Chairman and Non-Independent	8	92	–	–	100
$250,000 and below $500,000					
Mr Tan Soo Nan Executive and Non-Independent	74	20	–	6	100
Below $250,000					
Mr Koh Poh Tiong Non-Executive and Independent	–	–	74	26	100
Mr Kee Teck Koon Non-Executive and Independent	–	–	76	24	100
Mr Eric Ang Teik Lim Non-Executive and Independent	–	–	100	–	100
Dr Wee Beng Geok Non-Executive and Independent	–	–	72	28	100
Professor Lim Pin Non-Executive and Independent	–	–	76	24	100
Mr Raymond Lim Siang Keat Non-Executive and Independent	–	–	77	23	100
Mr Lim Beng Chee[4] Non-Executive and Independent	–	–	68	32	100
Mr Png Cheong Boon Non-Executive and Independent	–	–	100	–	100
Mr Olivier Lim Tse Ghow Non-Executive and Non-Independent	–	–	75	25	100
Dr Sarah Lu Qinghui Non-Executive and Non-Independent	–	–	87	13	100

Notes:

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

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

(3) Based on the fair values of share options granted in FY2019, as at date of grant.

(4) Mr Lim Beng Chee retired from the Board on 26 April 2019.

(5) Details of the Executive Directors' remuneration in aggregate are included in the Notes to Financial Statements - Transactions with KMP.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION (CONT'D)

KEY MANAGEMENT PERSONNEL'S REMUNERATION

The Board is of the view that, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive resource environment in which the Company operates and the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place, it would be disadvantageous for the Company to disclose the total remuneration paid to the Company's top five KMP (who are not Directors or CEO) on a named basis or in aggregate. For the foregoing reasons, the Company believes that it would be disadvantageous to provide an upper limit to the remuneration band of "$500,000 and above".

The remuneration of the Executive Chairman and Executive Director has been disclosed under the table for Directors' compensation and is accordingly not included in the table for KMP's remuneration.

REMUNERATION BAND	NO OF EXECUTIVES	BASE OR FIXED SALARY[1] %	VARIABLE OR BONUS[2] %	SHARE BASED[3] %	TOTAL COMPENSATION[4] %
$500,000 and above	1	64	27	9	100
$250,000 and below $500,000	1	72	18	10	100
$250,000 and below $500,000	1	76	16	8	100
$250,000 and below $500,000	1	80	16	4	100
$250,000 and below $500,000	1	92	2	6	100

Notes:

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

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

(3) Based on the fair values of share options granted in FY2019, as at date of grant.

(4) Details of the KMP's remuneration in aggregate are included in the Notes to Financial Statements - Transactions with KMP.

EMPLOYEES WHO ARE RELATIVES OF CEO OR DIRECTORS

During the financial year under review, employees whose remuneration exceeded $100,000, and, are the immediate family members of a Director or the CEO of the Company are as follows:

NAME OF DIRECTOR	NAME OF EMPLOYEE	RELATIONSHIP WITH DIRECTOR	POSITION EMPLOYED
Dr Sarah Lu Qinghui	Dr Loo Choon Yong	Father	Executive Chairman [a]
	Dr Foo Tun Lin	Spouse	Consultant, Raffles Orthopaedic Centre [b]
Mr Raymond Lim Siang Keat	Dr Lim Wei Han	Son	Physician, Raffles Medical Clinic [b]

Notes :

(a) The remuneration of Dr Loo is reviewed by NCC and disclosed in the Director's compensation table on page 48.

(b) The remuneration of Dr Foo and Dr Lim follow the same remuneration framework as that applicable to the Group's physicians and, as such, are not determined by the NCC.

Save as otherwise disclosed herein, there are no other employees in the Group who are the immediate family members of a Director or the CEO, whose remuneration exceeded $100,000 during the year. Given the commercial sensitivities associated with remuneration matters in the highly competitive healthcare industry, the Company has not disclosed the remuneration of Dr Loo, Dr Foo and Dr Lim in incremental bands of $100,000.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

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:

Overseeing the Risk Management and Internal Controls (in relation to Financial, Operational, Compliance and Information Technology Controls) of the Group, including to review:

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

(iv) The assurance provided by the CEO, CFO or GFC and other KMP regarding the adequacy and effectiveness of the Group's risk management and internal control systems;

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

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

(vii) 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 (the 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 and, is reviewed by the ARC and approved by the Board annually. This allows the Group to address and capitalise on changes and challenges in the business environment to reduce risk arising from uncertainties and to add value to Management's decision-making, business planning, resource allocation and operational management. 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 the ARC, oversees the Management's implementation of the risk management framework and internal control systems and are responsible for determining the Group's risk tolerance and profile in relation to the Group's enterprise risks exposure. They also consult with the external and internal auditors to determine that each risk tolerance level and its corresponding risk management policies are calibrated so that balanced control processes are matched against the strategic business objectives of the respective business units.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS (CONT'D)

The Group compiles 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 key risk identified, and the corresponding mitigating measures in place. On an annual basis, the internal audit function (IA) takes into consideration the respective risk profiles of each business unit when preparing the IA plan for the approval of the ARC.

During the financial year under review, the ARC had reviewed the reports submitted by the internal auditors relating to the internal 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 control 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 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. The Directors also received assurance from the Executive Chairman, CFO, GFC and other KMP on the adequacy and effectiveness of the Group's risk management and internal control systems.

Further details on the Group's internal control and risk management systems, philosophy and approach can be found in the "Risk Management" section on pages 60 to 61.

Accountability

The Group prepares its financial statements in accordance with the SFRS(I). In presenting its interim 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 interim 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.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS (CONT'D)

NOMINATION & COMPENSATION COMMITTEE

The composition of the NCC and its delegated duties are set out in the section under Principle 6 of this Statement.

AUDIT & RISK COMMITTEE

The composition of the ARC and its delegated duties are set out in the sections under Principle 10 of this Statement.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an Audit Committee which discharges its duties objectively.

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 adequate financial management experience, collectively, to discharge the ARC's functions. None of the ARC members were previously partners or Directors of the external auditors, KPMG, within the previous two years nor do any of the ARC members hold any financial interest in KPMG.

During FY2019, as in the previous financial years, the ARC members met the Group's internal and external auditors separately, without the presence of Management, at least 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.

Specifically, the responsibilities of the ARC include overseeing:

(a) 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 submission 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, including assurance from CEO and other KMP who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

(b) External Audit

- (i) Oversee the Group's relations with the external auditors;
- (ii) Review the performance of the external auditor(s), to facilitate the selection, appointment, re-appointment, and resignation;
- (iii) Monitor and assess, annually, that the external auditors' 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;

PRINCIPLE 10: AUDIT COMMITTEE (CONT'D)

(b) External Audit (cont'd)

(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) Compliance Matters

(i) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow up on 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 processes for dissemination across all Group personnel and monitoring levels of compliance; and

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

(d) Oversee Interested Persons Transactions (IPTs)

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

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

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

The other delegated duties of the ARC can be found under Principle 9 of this Statement.

The ARC had reviewed the external auditor's audit plan for FY2019 and had agreed with the auditor's proposed significant areas of focus and assumptions that impact the financial statements. In the ARC's review of the financial statements of the Group for FY2019, it had discussed with Management the accounting principles that were applied and their judgement on 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 FY2019:

SIGNIFICANT MATTERS	HOW THE ARC REVIEWED THESE MATTERS
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 FY2019 have been addressed by the ARC and covered in the above commentary.

PRINCIPLE 10: AUDIT COMMITTEE (CONT'D)

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, 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 FY2019 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 are set out in Note 19 of the Notes to the Financial Statements on page 146. 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 and the adequacy, effectiveness, independence, scope and results of the external audit. Accordingly, the ARC has recommended the Board to propose the re-appointment of KPMG, as the independent auditors for the Group, for shareholders' approval at the forthcoming AGM. The ARC also made recommendations to the Board, on the terms of engagement and remuneration of KPMG.

During FY2019 and as in past years, the Group 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.

<u>Internal Audit (IA)</u>

The Group has an 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 aligns 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 oversees the following functions of the IA:

PRINCIPLE 10: AUDIT COMMITTEE (CONT'D)

Internal Audit (IA) (cont'd)

(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 appointment, termination and remuneration of the Head of the IA function. The IA function has unfettered access to all of the Group's documents, records, properties, personnel and the ARC.

The ARC reviews annually, the adequacy of the IA function to ensure that internal audits are conducted effectively and that the Management had provided the necessary co-operation to enable the internal auditors to perform its function. Based on the review conducted for FY2019, the ARC is of the opinion that the IA function is effective, adequately resourced and independent. Having reviewed the IA reports and remedial actions implemented by the Management in FY2019, the ARC is satisfied that the Group's internal control and risk management systems are adequate and effective.

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Group's robust corporate governance culture and awareness promote fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Companies Act, Cap. 50 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 general meetings by person or proxy and are given adequate opportunity to participate effectively in and to 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 via public transport.

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, and 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.

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS (CONT'D)

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.

Shareholders are encouraged to attend the Annual General Meeting (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 dispatched 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 2019, 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 AGM. All resolutions at general meetings are voted by poll so as to better reflect the shareholders' interests and ensure greater transparency. The Company uses electronic poll voting devices to register the votes of shareholders who attend the general meetings.

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. Presently, 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, are 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. The minutes of the general meetings of shareholders are accessible on the Company's website.

The Company targets 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 FY2019, which is subject to the approval by the shareholders at the forthcoming AGM of the Company.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

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.

The Company has in place an investor relations policy which provides for an ongoing exchange of views so as to actively engage and promote effective and fair communication with shareholders on a regular basis, when required. 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 https://www.rafflesmedicalgroup.com/investor-relations acts as another avenue for the investment community to submit their feedback and questions.

Where in the unlikely event 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 are released on the SGX-ST, and issued to all shareholders, upon request. 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, SFRS(I) 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 interim and annual results as well as other briefings, as appropriate;

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

(f) Disclosures to the SGX-ST; and

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

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

During FY2019, the IR team along with Senior Management engaged more than 71 local and foreign institutional entities over small group meetings, in-house meetings and the following events held in Singapore:

MONTH	EVENT	ORGANISER
January	10th Annual ASEAN Conference	Credit Suisse
February	FY 2018 Post - Results Luncheon	Daiwa
July	Q2 2019 Post - Results Luncheon	UOB Kay Hian

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced, when compared to the needs and interests of its stakeholders. Stakeholders of the Company include but are not limited to patients, employees, suppliers, government, regulators, community, shareholders and investors.

The Company's Sustainability Report will be released in May 2020. Details where stakeholders can engage with the Company are set out in the report. The Company also maintains a corporate website at https://www.rafflesmedicalgroup.com to communicate and engage with stakeholders.

Additional Information Required by the Singapore Exchange Securities Trading Limited (SGX-ST)

MATERIAL CONTRACTS

During FY2019, saved as disclosed, there was no material contract exceeding $100,000, 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 first, second and third quarters financial statements (as applicable), and one month prior to the announcement of the Group's half-year (as applicable) and full year financial statements and ending on the date of the announcement of such financial statements (hereinafter referred to as the Closed Period). 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 will be circulated to Directors, executive officers and relevant personnel of the Company and its subsidiaries before the commencement of each Closed 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 SGX-ST Listing Rules, the Company confirms that IPTs did not exceed $100,000 during FY2019.

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 improving 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 or 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 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 the 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 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 our day-to-day operations across our various business functions. In ensuring the reliability of our IT systems, we also strive to improve our business continuity, communication, and recovery processes. On top of the security measures already put in place, the Group has engaged external IT Security Specialist to provide additional Security Operations Centre services in areas of IT security monitoring and 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.

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 Group's local and overseas operations.

For more information on the Group's Financial Risk Management, please refer to the Note 17: Financial Instruments to the Financial Statements.

Further details on the Group's risk governance framework and risk management policies are set out in Principle 9 : Risk Management and Internal Controls on page 50 to 52.

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 2019.

In our opinion:

(a) the financial statements set out on pages 77 to 160 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 2019 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 Png Cheong Boon
Mr Tan Soo Nan
Mr Olivier Lim Tse Ghow
Dr Sarah Lu Qinghui

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	AT END OF THE YEAR	AT BEGINNING OF THE YEAR	AT END OF THE YEAR
	ORDINARY SHARES			
Dr Loo Choon Yong	180,496,034	184,419,861	744,449,521	760,633,207
Mr Koh Poh Tiong	516,071	516,071	–	–
Mr Kee Teck Koon	60,000	306,522	–	–
Dr Wee Beng Geok	3,459,000	3,459,000	–	–
Professor Lim Pin	2,223,552	2,313,552	–	–
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	–	–	58,414,828	59,684,716

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	150,000	$1.09	03/09/2018
	–	225,000	$1.04	01/07/2019
Mr Kee Teck Koon	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	100,000	$1.09	03/09/2018
	–	150,000	$1.04	01/07/2019
Dr Wee Beng Geok	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	100,000	$1.09	03/09/2018
	–	125,000	$1.04	01/07/2019

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			
Professor Lim Pin	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	75,000	$1.09	03/09/2018
	–	125,000	$1.04	01/07/2019
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	75,000	$1.09	03/09/2018
	–	125,000	$1.04	01/07/2019
Mr Tan Soo Nan	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	125,000	$1.09	03/09/2018
	–	200,000	$1.04	01/07/2019
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	75,000	$1.09	03/09/2018
	–	100,000	$1.04	01/07/2019
Dr Sarah Lu Qinghui	–	100,000	$1.08	01/07/2019

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 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 options 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. The options in the Company granted in 2019 are exercisable during a period commencing 12 months from the Date of Grant for all the options and will expire at the end of 5 years for non-employees from the Date of Grant.

Directors' interests (cont'd)

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.

	HOLDINGS IN THE NAME OF THE DIRECTOR, SPOUSE OR INFANT CHILDREN		OTHER HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST	
IMMEDIATE HOLDING COMPANY	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 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 2020.

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
Mr Png Cheong Boon, Non-Executive Director
Dr Sarah Lu Qinghui, 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 2019.

Share options (cont'd)

Employees' Share Option Scheme (cont'd)

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

(4) As at 31 December 2019, 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 2019*	OPTIONS EXERCISED*	OPTIONS FORFEITED/ EXPIRED*	OPTIONS OUTSTANDING AT 31 DECEMBER 2019*	NUMBER OF OPTION HOLDERS AT 31 DECEMBER 2019
01/04/2009	$0.26	421,000	421,000	–	–	–
01/04/2010	$0.55	1,564,000	480,000	–	1,084,000	31
		1,985,000	901,000	–	1,084,000	

* 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 2019*	AGGREGATE OPTIONS EXERCISED SINCE COMMENCEMENT OF SCHEME TO 31 DECEMBER 2019*	AGGREGATE OPTIONS OUTSTANDING AS AT 31 DECEMBER 2019*
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	–
	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

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.

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.

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
Mr Png Cheong Boon, Non-Executive Director
Dr Sarah Lu Qinghui, Non-Executive Director

(8) On 1 July 2019, additional options were granted pursuant to the RMG 2010 Scheme to subscribe for ordinary shares at the following exercise prices:

	COMPANY	
	EXERCISE PRICE	NUMBER OF SHARES
Directors of the Company and Executive Directors of the subsidiaries	$1.04	2,275,000
Other participants	$1.04	7,625,000
Non-Executive Director, an associate of the Controlling Shareholder	$1.08	100,000
		10,000,000

(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 2019, 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 2019*	OPTIONS GRANTED*	OPTIONS EXERCISED*	OPTIONS FORFEITED/ EXPIRED*	OPTIONS OUTSTANDING AT 31 DECEMBER 2019*	NUMBER OF OPTION HOLDERS AT 31 DECEMBER 2019
01/04/2011	$0.73	2,623,000	–	154,000	3,000	2,466,000	66
02/04/2012	$0.78	5,211,000	–	180,000	12,000	5,019,000	119
01/04/2013	$1.09	7,901,000	–	3,000	462,000	7,436,000	187
01/04/2014	$1.07	10,560,000	–	330,000	1,512,000	8,718,000	235
01/04/2015	$1.31	14,096,000	–	–	150,000	13,946,000	321
01/04/2016	$1.50	10,437,000	–	–	90,000	10,347,000	287
03/04/2017	$1.42	4,963,000	–	–	25,000	4,938,000	322
03/09/2018	$1.09	7,913,000	–	–	–	7,913,000	372
01/07/2019	$1.04	–	9,900,000	–	202,000	9,698,000	424
01/07/2019	$1.08	–	100,000	–	–	100,000	1
		63,704,000	10,000,000	667,000	2,456,000	70,581,000	

* After adjustment for Share Split.

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 2019	AGGREGATE OPTIONS GRANTED SINCE COMMENCEMENT OF SCHEME TO 31 DECEMBER 2019	AGGREGATE OPTIONS EXERCISED SINCE COMMENCEMENT OF SCHEME TO 31 DECEMBER 2019	AGGREGATE OPTIONS LAPSED SINCE COMMENCEMENT OF SCHEME TO 31 DECEMBER 2019	AGGREGATE OPTIONS OUTSTANDING AS AT 31 DECEMBER 2019
Mr Koh Poh Tiong	225,000	1,255,000	420,000	–	835,000
Mr Kee Teck Koon	150,000	1,135,000	300,000	180,000	655,000
Dr Wee Beng Geok	125,000	1,560,000	450,000	480,000	630,000
Professor Lim Pin	125,000	1,270,000	750,000	–	520,000
Mr Raymond Lim Siang Keat	125,000	670,000	150,000	–	520,000
Mr Tan Soo Nan	200,000	1,715,000	450,000	480,000	785,000
Mr Olivier Lim Tse Ghow	100,000	375,000	–	–	375,000
Dr Sarah Lu Qinghui	100,000	100,000	–	–	100,000
	1,150,000	8,080,000	2,520,000	1,140,000	4,420,000

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.

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

22 February 2020

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 2019, 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 160.

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 2019 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.

<u>Valuation of goodwill</u>
(Refer to note 5 to the financial statements)

Risk

The Group has goodwill with a carrying value of $23,835,000 (2018: $24,423,000) as at 31 December 2019. The goodwill is impaired when the carrying value of the cash generating unit (CGU) of which the goodwill is allocated to, exceeds their recoverable amount. The recoverable amount is the higher of their fair value less cost of disposal and its value in use. Estimating the recoverable amount involves significant judgement in determining an appropriate model and the underlying assumptions to be applied; coupled with the inherent estimation uncertainties that arise when estimating and discounting future cash flows. The recoverable amount is sensitive to inputs and assumptions underlying the model used. Some of the key inputs and assumptions relate to expectations of future cash flows, growth rates and discount rate.

Our response

For goodwill, we evaluated the cash flows used in the model against the understanding we obtained about the business through our audit and assess if the cash flows were reasonable. We challenged the appropriateness of key assumptions used by the Group in its impairment testing comprising the discount rate and growth rate by comparing these to externally available market data for reasonableness. We also assessed whether or not the assumptions showed any evidence of management bias with a particular focus on the risk that the forecast cash flows may not support the carrying amount of goodwill.

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

Key audit matters (cont'd)

Valuation of goodwill (cont'd)

Our findings

We found that the reasonable assumptions and resulting estimates in the determination of recoverable amount were balanced.

Valuation of investment properties
(Refer to note 6 to the financial statements)

The Group owns investment properties in Singapore, which comprise primarily shop units and commercial space with a carrying value of $311,160,000 (2018: $311,160,000) as at 31 December 2019.

The investment properties are stated at their fair values based on independent external valuations. The valuation process is considered a key audit matter because it involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. Any changes in the assumptions will have an impact on the valuation.

Our response

We evaluated the qualifications and competence of the external valuers and held discussions with the valuers to understand their valuation methods and assumptions used.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents. We challenged the capitalisation, discount and terminal capitalisation rates used in the valuations by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

Our findings

The external valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work.

The approach to the methodologies and in deriving the key assumptions in the valuation is supported by market practices and data.

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.

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.

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 Ms Karen Lee Shu Pei.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
22 February 2020

Statements of Financial Position

As at 31 December 2019

	NOTE	GROUP 2019 $'000	GROUP 2018 $'000	COMPANY 2019 $'000	COMPANY 2018 $'000
Non-current assets					
Property, plant and equipment	4	685,585	565,716	7,893	5,808
Intangible assets and goodwill	5	37,454	37,287	1,007	1,167
Investment properties	6	311,160	311,160	–	–
Subsidiaries	25	–	–	601,775	562,604
Deferred tax assets	7	1,165	1,011	–	–
Trade and other receivables	8	3,452	2,590	5,843	5,869
		1,038,816	917,764	616,518	575,448
Current assets					
Inventories		10,245	9,320	2,354	2,341
Trade and other receivables	8	83,935	83,221	136,910	151,955
Cash and cash equivalents	9	151,826	105,984	47,621	2,609
		246,006	198,525	186,885	156,905
Total assets		1,284,822	1,116,289	803,403	732,353
Equity attributable to owners of the Company					
Share capital	10	393,470	365,332	393,470	365,332
Reserves	10	447,423	435,157	299,442	290,560
		840,893	800,489	692,912	655,892
Non-controlling interests		15,961	16,137	–	–
Total equity		856,854	816,626	692,912	655,892
Non-current liabilities					
Loans and borrowings	12	156,559	97,189	47,771	20,775
Trade and other payables	13	20,926	11,380	1,157	868
Lease liabilities	14	24,516	–	2,025	–
Deferred tax liabilities	7	7,014	4,765	393	644
		209,015	113,334	51,346	22,287
Current liabilities					
Loans and borrowings	12	8,542	19,307	8,484	19,307
Current tax liabilities		14,395	13,583	1,791	1,573
Trade and other payables	13	162,530	136,789	47,678	33,294
Lease liabilities	14	10,759	–	1,192	–
Other financial liabilities	15	2,754	2,790	–	–
Insurance contract provisions	16	19,973	13,860	–	–
		218,953	186,329	59,145	54,174
Total liabilities		427,968	299,663	110,491	76,461
Total equity and liabilities		1,284,822	1,116,289	803,403	732,353

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

Consolidated Statement of Profit or Loss
Year ended 31 December 2019

	NOTE	2019 $'000	2018 $'000
Revenue	18	522,038	489,135
Other operating income		3,086	5,136
Inventories and consumables used		(57,603)	(57,205)
Purchased and contracted services		(53,366)	(42,313)
Staff costs		(266,883)	(246,182)
Depreciation of property, plant and equipment	4	(27,650)	(17,172)
Amortisation of intangible assets	5	(1,610)	(1,101)
Operating lease expenses		(5,091)	(13,332)
Impairment loss on trade receivables		(2,085)	(3,010)
Other operating expenses		(34,668)	(29,721)
Profit from operating activities		76,168	84,235
Finance income		1,697	1,083
Finance costs		(1,941)	(1,184)
Profit before tax		75,924	84,134
Tax expense	20	(15,402)	(13,331)
Profit for the year	19	60,522	70,803
Profit attributable to:			
Owners of the Company		60,273	71,056
Non-controlling interests		249	(253)
Profit for the year		60,522	70,803
Earnings per share			
Basic earnings per share (cents)	21	3.32	3.98
Diluted earnings per share (cents)	21	3.32	3.97

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2019

	2019 $'000	2018 $'000
Profit for the year	60,522	70,803
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	(4,357)	(6,570)
	(4,357)	8,085
Total comprehensive income for the year	56,165	78,888
Total comprehensive income attributable to:		
Owners of the Company	56,341	79,864
Non-controlling interests	(176)	(976)
Total comprehensive income for the year	56,165	78,888

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	SHARE CAPITAL $'000	TRANSLATION RESERVE $'000	SHARE OPTION RESERVE $'000	REVALUATION RESERVE $'000	OTHER RESERVE $'000	RESERVE FOR OWN SHARES $'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 Changes in Equity (cont'd)

Year ended 31 December 2019

	SHARE CAPITAL	TRANSLATION RESERVE	SHARE OPTION RESERVE	REVALUATION RESERVE	OTHER RESERVE	RESERVE FOR OWN SHARES	ACCUMULATED PROFITS	TOTAL ATTRIBUTABLE TO OWNERS OF THE COMPANY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2019	365,332	(6,131)	27,655	16,367	(4,741)	–	402,007	800,489	16,137	816,626
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	60,273	60,273	249	60,522
Other comprehensive income										
Foreign currency translation differences - foreign operations	–	(3,932)	–	–	–	–	–	(3,932)	(425)	(4,357)
Total other comprehensive income for the year	–	(3,932)	–	–	–	–	–	(3,932)	(425)	(4,357)
Total comprehensive income for the year	–	(3,932)	–	–	–	–	60,273	56,341	(176)	56,165
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	982	–	–	–	–	–	–	982	–	982
Issue of shares in lieu of cash dividends of 2.0 cents per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme	27,156	–	–	–	–	–	–	27,156	–	27,156
Own shares acquired	–	–	–	–	–	(400)	–	(400)	–	(400)
Value of employee services received for issue of share options	–	–	1,399	–	–	–	–	1,399	–	1,399
Final dividend paid of 2.0 cents per ordinary share - Cash	–	–	–	–	–	–	(8,814)	(8,814)	–	(8,814)
Final dividend paid of 2.0 cents per ordinary share - Scrip	–	–	–	–	–	–	(27,156)	(27,156)	–	(27,156)
Interim dividend paid of 0.5 cent per ordinary share - Cash	–	–	–	–	–	–	(9,140)	(9,140)	–	(9,140)
Total contributions by and distributions to owners	28,138	–	1,399	–	–	(400)	(45,110)	(15,973)	–	(15,973)
Changes in ownership interests in subsidiaries										
Present value of the exercise price of written put options	–	–	–	–	36	–	–	36	–	36
Total changes in ownership interests in subsidiaries	–	–	–	–	36	–	–	36	–	36
Total transactions with owners	28,138	–	1,399	–	36	(400)	(45,110)	(15,937)	–	(15,937)
At 31 December 2019	393,470	(10,063)	29,054	16,367	(4,705)	(400)	417,170	840,893	15,961	856,854

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

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	NOTE	2019 $'000	2018 $'000
Cash flows from operating activities			
Profit for the year		60,522	70,803
Adjustments for:			
Amortisation of intangible assets		1,610	1,101
Impairment loss on goodwill		–	400
Changes in fair value of investment properties		(2,128)	(3,395)
Depreciation of property, plant and equipment		27,650	17,172
Equity-settled share-based payment transactions		1,399	1,461
Finance expenses		1,941	1,184
Finance income		(1,697)	(1,083)
Gain on disposal of property, plant and equipment, net		(30)	(49)
Property, plant and equipment written off		173	220
Tax expense		15,402	13,331
		104,842	101,145
Changes in:			
- Inventories		(925)	635
- Trade and other receivables		(1,382)	4,835
- Trade and other payables		14,987	(3,086)
- Insurance contract provisions		6,113	2,723
Cash generated from operations		123,635	106,252
Tax paid		(12,488)	(12,694)
Net cash from operating activities		111,147	93,558
Cash flows from investing activities			
Interest received		1,610	1,078
Proceeds from disposal of property, plant and equipment		3	121
Purchase of property, plant and equipment		(96,089)	(28,557)
Acquisition of intangible assets		(2,290)	(2,850)
Payment for investment properties under development		(105)	(72,448)
Net cash used in investing activities		(96,871)	(102,656)
Cash flows from financing activities			
Acquisition of non-controlling interests		–	(2,413)
Dividends paid to owners of the Company		(17,954)	(15,630)
Repurchase of own shares		(400)	–
Loan from subsidiary's non-controlling interest		12,111	99
Proceeds from issue of shares under share option scheme		982	771
Proceeds from bank loans		168,270	477,199
Repayment of bank loans		(118,653)	(439,950)
Payment of lease liabilities		(7,952)	–
Interest paid		(4,417)	(2,030)
Lease interest paid		(440)	–
Net cash from financing activities		31,547	18,046
Net increase in cash and cash equivalents		45,823	8,948
Cash and cash equivalents at 1 January		105,984	98,270
Effect of exchange rate fluctuations on cash held		(1,058)	(1,234)
Cash and cash equivalents at 31 December	9	150,749	105,984

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

Notes to the Financial Statements

Year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 February 2020.

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 2019 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.

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)s). This is the first set of the Group's annual financial statements in which SFRS(I)16 Leases has been applied. The related changes to significant accounting policies are described in note 2.5.

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 the following notes:

- Note 6 – classification of investment properties
- Note 14 – lease term: whether the Group is reasonably certain to exercise extension options

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

- Notes 4 and 5 – estimation of useful lives and recoverable amounts of property, plant and equipment and intangible assets
- Note 5 – impairment test of intangible assets: key assumptions underlying recoverable amounts
- Note 6 – determination of fair value of investment properties
- Note 7 – utilisation of tax losses
- Note 16 – 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.

2 BASIS OF PREPARATION (CONT'D)

2.4 USE OF ESTIMATES AND JUDGEMENTS (CONT'D)

Measurement of fair values (cont'd)

If third party information, such as property valuation report, is used to measure fair values, the Group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Audit & Risk Committee.

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

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

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

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 17 – financial instruments

2.5 CHANGES IN ACCOUNTING POLICIES

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I)s for the first time for the annual period beginning on 1 January 2019:

- 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)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

2 BASIS OF PREPARATION (CONT'D)

2.5 CHANGES IN ACCOUNTING POLICIES (CONT'D)

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach. The Group has applied the practical expedient to recognise the amount of right-of-use assets equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payment related to the lease recognised in the statement of financial position immediately before 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including property (i.e. clinics). The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for lease of property, the Group has elected not to separate non-lease components and account for lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property and equipment leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

2 BASIS OF PREPARATION (CONT'D)

2.5 CHANGES IN ACCOUNTING POLICIES (CONT'D)

Leases classified as operating leases under SFRS(I) 1-17(cont'd)

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

As a lessor

The Group leases out its investment property. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor.

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	GROUP	COMPANY
	1 JANUARY 2019	
	$'000	$'000
Right-of-use assets – property, plant and equipment	20,795	4,485
Lease liabilities	(21,067)	(4,501)

* For the impact of SFRS(I) 16 on profit or loss for the period, see Note 14. For the impact of SFRS(I) 16 on segment information, see Note 22. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see Note 3.7.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 2%.

	GROUP	COMPANY
	1 JANUARY 2019	
	$'000	$'000
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's financial statements	23,152	5,166
Discounted using the incremental borrowing rate at 1 January 2019	22,432	5,031
Add/(Less):		
- Recognition exemption for leases of low-value assets	(119)	–
- Recognition exemption for leases with less than 12 months of lease term at transition	(4,861)	(1,748)
- Extension options reasonably certain to be exercised	3,615	1,218
Lease liabilities recognised at 1 January 2019	21,067	4,501

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 BASIS OF CONSOLIDATION

Business combinations

The Group accounts for business combination using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

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

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

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

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

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

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, 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 equity transactions.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 BASIS OF CONSOLIDATION (CONT'D)

Written put option in business combination

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

NCI have present access to the returns associated with the underlying ownership interests, the Group has elected the present-access method to account for the NCI. Under the present-access method, the interest of non-controlling shareholders that hold the written put option are not derecognised when the financial liability is recognised. NCI 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 related NCI and the other components of equity. 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 gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statements

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

3.2 FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 FOREIGN CURRENCY (CONT'D)

Foreign operations

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

Foreign currency differences are recognised in other comprehensive income. 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 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

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment

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.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses

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 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.

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 statements 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 statements 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

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.

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. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Where the Company's ordinary shares are repurchased (treasury shares), the consideration paid, excluding any directly attributable incremental cost, is deducted from equity attributable to the Company's equity holders and presented as reserve for own shares within equity, until they are cancelled, sold or reissued.

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.

If significant 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.

Any gain or loss on disposal of an item of property, plant and equipment 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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.

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
• Right-of-use assets (properties)	2 to 10 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 accumulated profits.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

(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.

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.

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 accumulated profits. 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.

3.7 LEASES

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 LEASES (CONT'D)

Policy applicable from 1 January 2019 (cont'd)

(i) As a lessee (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and 'lease liabilities' in the statements of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 LEASES (CONT'D)

(ii) As a lessor (cont'd)

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

Leases - Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statements of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as 'revenue' on a straight-line basis over the term of the lease.

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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 IMPAIRMENT

Non-derivative financial assets and contract assets

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

Loss allowances of the Group are measured on either of the following bases:

- 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); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 IMPAIRMENT (CONT'D)

Non-derivative financial assets and contract assets (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 statements of financial position

Loss allowances for financial assets measured at amortised cost and contract assets 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 IMPAIRMENT (CONT'D)

Non-financial assets (cont'd)

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

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

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

3.10 EMPLOYEE BENEFITS

Defined contribution plans

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

Short-term employee benefits

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

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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 FINANCE INCOME AND FINANCE EXPENSES (CONT'D)

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.

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.

3.14 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.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 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.

3.16 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 Executive 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 Executive 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.

3.17 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 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 2019:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

SFRS(I) 17 Insurance Contracts

SFRS(I) 17 *Insurance Contracts* was issued in May 2017 and is effective for years beginning on 1 January 2021, and to be applied retrospectively. If full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard will replace SFRS(I) 4 *Insurance Contracts* and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in these financial statements.

In June 2019, the IASB proposed a one year deferral of the effective date of IFRS 17 *Insurance Contracts* to 1 January 2022.

4 PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND	LEASEHOLD LAND	PROPERTIES	RIGHT-OF-USE ASSETS (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	$'000
Group													
Cost													
At 1 January 2018	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
At 1 January 2019	18,500	208,148	169,983	–	53,549	8,462	2,304	733	16,636	17,721	4,174	174,578	674,788
Recognition of right-of-use asset on initial application of SFRS(I)16	–	–	–	20,795	–	–	–	–	–	–	–	–	20,795
Adjusted balance at 1 January 2019	18,500	208,148	169,983	20,795	53,549	8,462	2,304	733	16,636	17,721	4,174	174,578	695,583
Reclassification to intangible asset (note 5)	–	–	–	–	–	–	–	–	–	–	–	(7)	(7)
Adjustments	–	–	(2,536)	–	–	–	–	–	–	–	–	–	(2,536)
Additions	–	–	280	22,795	17,255	206	262	–	1,755	1,262	257	92,344	136,416
Disposals	–	–	–	–	(4)	–	(24)	–	(10)	–	–	–	(38)
Lease modifications	–	–	–	(192)	–	–	–	–	–	–	–	–	(192)
Write-off	–	–	–	–	(1,752)	(177)	(17)	–	(338)	(170)	(53)	–	(2,507)
Transfer/Reclassification	–	9,845	121,794	–	7	(2)	(16)	–	380	–	–	(132,008)	–
Effect of movements in exchange rates	–	(218)	(2,532)	(422)	(299)	(7)	(4)	–	(40)	(70)	–	(3,367)	(6,959)
At 31 December 2019	18,500	217,775	286,989	42,976	68,756	8,482	2,505	733	18,383	18,743	4,378	131,540	819,760

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	FREEHOLD LAND $'000	LEASEHOLD LAND $'000	PROPERTIES $'000	RIGHT-OF-USE ASSETS (PROPERTIES) $'000	MEDICAL EQUIPMENT $'000	FURNITURE AND FITTINGS $'000	OFFICE EQUIPMENT $'000	MOTOR VEHICLES $'000	COMPUTERS $'000	RENOVATIONS $'000	FACILITIES EQUIPMENT $'000	FIXED ASSET WORK IN PROGRESS $'000	TOTAL $'000
Group													
Accumulated depreciation													
At 1 January 2018	–	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
At 1 January 2019	–	17,963	20,642	–	34,020	4,252	1,438	288	13,934	14,253	2,282	–	109,072
Depreciation charge for the year	–	3,289	5,420	8,222	5,682	726	351	71	1,904	1,678	307	–	27,650
Disposals	–	–	–	–	(3)	–	(20)	–	(10)	–	–	–	(33)
Lease modifications	–	–	–	(11)	–	–	–	–	–	–	–	–	(11)
Write-off	–	–	–	–	(1,684)	(128)	(16)	–	(335)	(140)	(31)	–	(2,334)
Transfer/Reclassification	–	–	–	–	(3)	3	(4)	–	4	–	–	–	–
Effect of movements in exchange rates	–	–	–	(46)	(60)	(1)	(4)	–	(9)	(49)	–	–	(169)
At 31 December 2019	–	21,252	26,062	8,165	37,952	4,852	1,745	359	15,488	15,742	2,558	–	134,175
Carrying amounts													
At 1 January 2018	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
At 31 December 2019	18,500	196,523	260,927	34,811	30,804	3,630	760	374	2,895	3,001	1,820	131,540	685,585

Reclassification from investment properties

In 2018, $179,501,000 was transferred from investment properties to property, plant and equipment as the properties' intended own use has been finalised.

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	RIGHT-OF-USE ASSETS (PROPERTIES) $'000	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 2018	–	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
At 1 January 2019	–	4,556	2,381	1,494	700	6,802	6,414	66	22,413
Recognition of right-of-use asset on initial application of SFRS(I)16	4,485	–	–	–	–	–	–	–	4,485
Adjusted balance at 1 January 2019	4,485	4,556	2,381	1,494	700	6,802	6,414	66	26,898
Additions	299	74	21	220	–	337	228	32	1,211
Disposal	–	(3)	–	–	–	(18)	–	–	(21)
Write-off	–	(86)	(26)	(12)	–	(86)	–	–	(210)
Transfer/Reclassification	–	7	(2)	2	–	–	–	(7)	–
At 31 December 2019	4,784	4,548	2,374	1,704	700	7,035	6,642	91	27,878
Accumulated depreciation									
At 1 January 2018	–	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
At 1 January 2019	–	2,654	1,558	860	299	5,450	5,784	–	16,605
Depreciation charge for the year	1,612	472	183	256	59	629	378	–	3,589
Disposal	–	(1)	–	–	–	(17)	–	–	(18)
Write-off	–	(73)	(22)	(12)	–	(84)	–	–	(191)
At 31 December 2019	1,612	3,052	1,719	1,104	358	5,978	6,162	–	19,985
Carrying amounts									
At 1 January 2018	–	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
At 31 December 2019	3,172	1,496	655	600	342	1,057	480	91	7,893

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 2019 $'000	GROUP CARRYING AMOUNT 2018 $'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	684	710
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	196	204
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	952	988
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	1,227	1,269
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	769	795
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	617	637
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	4,957	5,041
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	183,913	188,621
A building, located at 585 North Bridge Road, Singapore 188770	20,385.30^	99 years commencing from 01/03/1979	117,807	121,815
A building, located at 25 Tannery Lane, Singapore 347786, held for use as support office and storage centre	3,295.5	Freehold	20,054	20,218
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	17,419	17,728
A hospital building, located at No. 2, Huashan Middle Road, Yubei District, Chongqing, China	105,690.6	40 years commencing from 30/11/2017	127,355**	–
			475,950	358,026

* Includes commercial space of 826.2 sq m (2018: 826.2 sq m) classified as investment properties.

^ Includes commercial space of 6,829.5 sq m (2018: 6,829.5 sq m) classified as investment properties.

Includes commercial space of 4,981.1 sq m (2018: 4,981.1sq m) classified as investment properties.

** Includes cost of $69,987,000 which the underlying assets had not put into use. Staff costs of $921,000 and borrowing costs of $2,517,000 were capitalised during the year.

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Major fixed asset work in progress

LOCATION	DESCRIPTION	INTENDED USE	EXPECTED DATE OF COMPLETION	SITE AREA/ GROSS FLOOR AREA (SQ M)	GROUP EFFECTIVE INTEREST (%)
Central business zone of Qiantan, Pudong New District, Shanghai, China	Hospital building	Commercial	2020	12,456 / 40,000 (estimated)	70

In 2019, staff costs of $2,570,000 and borrowing costs of $871,000 were capitalised during the year.

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 $'000	CUSTOMER RELATIONSHIP $'000	MEMBERSHIP RIGHTS $'000	ASSIGNMENT FEES $'000	SOFTWARE UNDER DEVELOPMENT $'000	SOFTWARE $'000	TOTAL $'000
Group							
Cost							
At 1 January 2018	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
Additions	–	–	–	–	2,373	95	2,468
Reclassification from property, plant and equipment (note 4)	–	–	–	–	–	7	7
Transfer	–	–	–	–	(4,431)	4,431	–
Effects of movement in exchange rate	(588)	(76)	–	–	(1)	(33)	(698)
At 31 December 2019	24,387	4,328	164	612	1,255	11,411	42,157

5 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

	GOODWILL	CUSTOMER RELATIONSHIP	MEMBERSHIP RIGHTS	ASSIGNMENT FEES	SOFTWARE UNDER DEVELOPMENT	SOFTWARE	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Accumulated amortisation and impairment losses							
At 1 January 2018	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
Amortisation	–	386	–	–	–	1,224	1,610
At 31 December 2019	552	1,430	–	612	–	2,109	4,703
Carrying amounts							
At 1 January 2018	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
At 31 December 2019	23,835	2,898	164	–	1,255	9,302	37,454

	MEMBERSHIP RIGHTS	GOODWILL	SOFTWARE	TOTAL
	$'000	$'000	$'000	$'000
Company				
Cost				
At 1 January 2018	93	152	1,242	1,487
Additions	–	–	28	28
At 31 December 2018 and 31 December 2019	93	152	1,270	1,515
Accumulated amortisation and impairment losses				
At 1 January 2018	–	152	39	191
Amortisation	–	–	157	157
At 31 December 2018	–	152	196	348
Amortisation	–	–	160	160
At 31 December 2019	–	152	356	508
Carrying amounts				
At 1 January 2018	93	–	1,203	1,296
At 31 December 2018	93	–	1,074	1,167
At 31 December 2019	93	–	914	1,007

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.

5 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

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	
	2019	2018
	$'000	$'000
Group		
China clinics	20,886	21,435
Cambodia clinic	2,949	2,988
	23,835	24,423

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.

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

	2019	2018
	%	%
Group		
Discount rate	14.4 – 22.3	14.2 – 22.1
Terminal growth rate	3.0	3.0
Revenue growth rate for next five years	5.7 – 50.8	7.1 – 24.4

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 based on expectation of future outcomes 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 budgeted first year 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 (while holding all other variables constant) for the respective CGUs for the estimated recoverable amount to be equal to the carrying amount.

	DECREASE IN BUDGETED FIRST YEAR REVENUE GROWTH RATE	
	2019	2018
	%	%
China clinics	19.8	4.1
Cambodia clinic	14.8	–

5 INTANGIBLE ASSETS AND GOODWILL (CONT'D)

Impairment testing for CGUs containing goodwill (cont'd)

Cambodia Clinic

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

	GROUP	
	2019	2018
	$'000	$'000
Goodwill	–	400

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. In 2018, 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 was recognised. The impairment loss was fully allocated to goodwill and included in 'other operating 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	2019	2018
		$'000	$'000
At 1 January		311,160	385,498
Additions		55	83,465
Adjustments		(2,183)	–
Reclassification to property, plant and equipment	4	–	(179,501)
Reclassification from property, plant and equipment	4	–	18,303
Changes in fair value		2,128	3,395
At 31 December		311,160	311,160

(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.

6 INVESTMENT PROPERTIES (CONT'D)

(b) In 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) In 2018, staff costs of $6,366,000 and borrowing costs of $808,000 were capitalised during the year.

(d) In 2018, investment properties under development amounted to $179,501,000 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 (2018: 826.2)
Units within Raffles Specialist Centre, located at 585 North Bridge Road, Singapore 188770	99 years commencing from 01/03/1979	6,829.5 (2018: 6,829.5)
Units within Samsung Hub, located at 3 Church Street Singapore 049483	999 years commencing from 25/01/1827	491.0 (2018: 491.0)
Units within Raffles Holland V, located at 118 Holland Avenue, Singapore 278997	99 years commencing from 18/01/1985	4,981.1 (2018: 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. (2018: 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, discounted cash flow 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 (2018: $311,160,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see note 2.4).

6 INVESTMENT PROPERTIES (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 2019 $'000	GROUP 2018 $'000
At 1 January		311,160	284,510
Reclassification from property, plant and equipment	4	–	18,303
Additions		55	4,952
Adjustment		(2,183)	–
Gain included in other operating income			
- Changes in fair value		2,128	3,395
At 31 December		311,160	311,160

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% (2018: 3.75% to 6.25%) • Discount rates 7.25% (2018: 7.5%) • Terminal yield rates 4.25% (2018: 4.25% to 5.6%)	The estimated fair value varies inversely against the capitalisation rates and discount rates.
Term and reversion approach	• Term and reversion rate of 3.5% (2018: 3.5%)	The estimated fair value varies inversely against the term and reversion rate.

7 DEFERRED TAX ASSETS AND LIABILITIES

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

	At 1 January 2018	Recognised in profit or loss (Note 20)	Exchange differences	At 31 December 2018	Recognised in profit or loss (Note 20)	Exchange differences	At 31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Deferred tax assets							
Property, plant and equipment	(80)	28	(1)	(53)	(40)	–	(93)
Unutilised tax losses	(941)	–	33	(908)	(129)	18	(1,019)
Other items	(4)	(45)	(1)	(50)	(4)	1	(53)
	(1,025)	(17)	31	(1,011)	(173)	19	(1,165)
Deferred tax liabilities							
Property, plant and equipment	3,569	(171)	–	3,398	(70)	–	3,328
Software	819	207	–	1,026	193	–	1,219
Intangible assets	948	(91)	(29)	828	(88)	(20)	720
Other items	(466)	(21)	–	(487)	2,234	–	1,747
	4,870	(76)	(29)	4,765	2,269	(20)	7,014

7 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

	AT 1 JANUARY 2018 $'000	RECOGNISED IN PROFIT OR LOSS $'000	AT 31 DECEMBER 2018 $'000	RECOGNISED IN PROFIT OR LOSS $'000	AT 31 DECEMBER 2019 $'000
Company					
Deferred tax liabilities					
Property, plant and equipment	775	(128)	647	12	659
Software	205	(23)	182	(27)	155
Other items	(81)	(104)	(185)	(236)	(421)
	899	(255)	644	(251)	393

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	
	2019 $'000	2018 $'000
Tax losses	52,144	39,248

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

8. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade receivables	72,938	69,725	17,911	22,560
Allowance for doubtful receivables	(6,060)	(5,915)	(2,557)	(2,342)
Net receivables	66,878	63,810	15,354	20,218
Deposits	5,032	3,451	534	1,864
Staff loans	2,025	1,501	764	600
Other receivables	11,060	15,041	674	397
Amounts due from subsidiaries:				
- trade	–	–	48,913	17,059
- non-trade (see note below)	–	–	75,474	116,911
	84,995	83,803	141,713	157,049
Prepayments	2,392	2,008	1,040	775
	87,387	85,811	142,753	157,824
Non-current	3,452	2,590	5,843	5,869
Current	83,935	83,221	136,910	151,955
	87,387	85,811	142,753	157,824

	COMPANY	
	2019	2018
	$'000	$'000
Amounts due from subsidiaries (non-trade)	75,474	116,911
Allowance for doubtful receivables	–	–
Net receivables	75,474	116,911

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

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 17.

9. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Fixed deposits	99,718	44,578	45,689	109
Cash at bank and in hand *	52,108	61,406	1,932	2,500
Cash and cash equivalents in the statements of financial position	151,826	105,984	47,621	2,609
Bank balances deposited in an escrow account	(1,077)	–	–	–
Cash and cash equivalents in the statements of cash flows	150,749	105,984	47,621	2,609

* 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 1.83% (2018: 1.81%) and 1.67% (2018: 1.45%) respectively. Interest rates re-price at intervals of one week to three months (2018: one week to three months).

10. CAPITAL AND RESERVES

Share capital

	GROUP AND COMPANY			
	2019		2018	
	NO. OF SHARES '000	$'000	NO. OF SHARES '000	$'000
Fully paid ordinary shares, with no par value:				
At 1 January	1,797,174	365,332	1,771,039	340,201
Issue of shares under scrip dividend	29,516	27,156	24,606	24,360
Issue of shares under share option scheme	1,568	982	1,529	771
At 31 December	1,828,258	393,470	1,797,174	365,332

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 29,516,357 shares at $0.92 per share (2018: 24,606,430 shares at $0.99 per share) to shareholders in lieu of cash dividends of 2.00 cents (2018: 1.75 cents) per ordinary share pursuant to Raffles Medical Group Ltd Scrip Dividend Scheme.

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 1,568,000 (2018: 1,529,000) 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	
	$	2019	2018
01/04/2008	0.41	–	282,000
01/04/2009	0.26	421,000	399,000
01/04/2010	0.55	480,000	468,000
01/04/2011	0.73	154,000	170,000
02/04/2012	0.78	180,000	189,000
01/04/2013	1.09	3,000	–
01/04/2014	1.07	330,000	21,000
		1,568,000	1,529,000

* 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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Translation reserve	(10,063)	(6,131)	–	–
Share option reserve	29,054	27,655	29,054	27,655
Revaluation reserve	16,367	16,367	–	–
Reserve for own shares	(400)	–	(400)	–
Other reserve	(4,705)	(4,741)	–	–
Accumulated profits	417,170	402,007	270,788	262,905
	447,423	435,157	299,442	290,560

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.

10. CAPITAL AND RESERVES (CONT'D)

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.

Reserve for own shares

The Company acquired 400,000 (2018: Nil) of its own shares during the year. The treasury shares held by the Company as at 31 December 2019 represent 0.02% (2018: Nil) of the total number of issued shares (excluding treasury shares).

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 15), 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 six directors, Mr Eric Ang Teik Lim, Mr Koh Poh Tiong, Dr Wee Beng Geok, Professor Lim Pin, Mr Png Cheong Boon and Dr Sarah Lu Qinghui.

Information regarding the scheme is as follows:

(i) Subscription price:

  (a) The exercise price of the options is determined at the average closing price of the Company's shares on the Singapore Exchange Securities Trading Limited on the three business days immediately preceding the date of grant of such options; or

  (b) The discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above.

(ii) The options vest on such date in respect of such proportion of the option amount as the Committee may prescribe but shall be no earlier than 1 year after the grant date for (i)(a) and 2 years after the grant date for (i)(b).

(iii) The options granted expire after 10 years for employees and 5 years for non-employees from the grant date unless they are cancelled or have lapsed.

RMG 2010 Scheme

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

11. EMPLOYEE SHARE OPTIONS (CONT'D)

RMG 2010 Scheme (cont'd)

Information regarding the scheme is as follows:

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

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

(b) the discounted value of the share price determined under (a) above, provided that the maximum discount shall not exceed 20% of (a) above; and

(c) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the making of offers and grants of options at a discount not exceeding the maximum discount in a separate resolution (for the avoidance of doubt, such prior approval shall be required to be obtained only once and, once obtained, shall, unless revoked, authorise the making of offers and grants of options under the RMG 2010 Scheme at such discount for the duration of the RMG 2010 Scheme); or

(d) the prior approval of the shareholders of the Company in general meeting shall have been obtained for the discount exceeding 20% of the market price if it is prescribed or permitted for the time being by the Singapore Exchange Securities Trading Limited.

(ii) The options vest on such date in respect of such proportion of the option amount as the Committee may prescribe but shall be no earlier than 1 year after the grant date for (i)(a) and 2 years after the grant date for (i)(b).

(iii) The options granted expire after 10 years for employees and 5 years for non-employees from the grant date unless they are cancelled or have lapsed.

The RMG 2010 Scheme is administered by a committee comprising Directors of the Company duly authorised and appointed by the Board to administer the RMG 2010 Scheme. The Scheme is administered by the Committee comprising six directors, Mr Eric Ang Teik Lim, Mr Koh Poh Tiong, Dr Wee Beng Geok, Professor Lim Pin, Mr Png Cheong Boon and Dr Sarah Lu Qinghui.

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 2019 $	NO. OF OPTIONS 2019 '000	WEIGHTED AVERAGE EXERCISE PRICE 2018 $	NO. OF OPTIONS 2018 '000
Outstanding at 1 January	1.167	65,689	1.158	60,886
Granted during the year	1.040	10,000	1.090	8,000
Forfeited/expired during the year	1.103	(2,456)	1.067	(1,668)
Exercised during the year	0.627	(1,568)	0.504	(1,529)
Outstanding at 31 December	1.163	71,665	1.167	65,689
Exercisable at 31 December	1.183	51,317	1.128	48,106

Options under RMG 2000 Scheme and RMG 2010 Scheme exercised in 2019 resulted in 1,568,000 ordinary shares being issued at weighted average exercise price of $0.627 each.

In 2019, 2,456,000 options under RMG 2000 Scheme and RMG 2010 Scheme were forfeited at weighted average exercise price of $1.103 each.

Options were exercised on a regular basis throughout the year. The weighted average share price during the year was $1.04 (2018: $1.10) per share.

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

DATE OF GRANT OF OPTIONS	EXPIRY DATE	EXERCISE PRICE* $	OPTIONS OUTSTANDING 2019 '000	OPTIONS OUTSTANDING 2018 '000
01/04/2009	31/03/2019	0.26	–	421
01/04/2010	31/03/2020	0.55	1,084	1,564
01/04/2011	31/03/2021	0.73	2,466	2,623
02/04/2012	01/04/2022	0.78	5,019	5,211
01/04/2013	31/03/2023	1.09	7,436	7,901
01/04/2014	31/03/2019	1.07	–	990
01/04/2014	31/03/2024	1.07	8,718	9,570
01/04/2015	31/03/2020	1.31	1,335	1,485
01/04/2015	31/03/2025	1.31	12,611	12,611
01/04/2016	31/03/2021	1.50	912	1,002
01/04/2016	31/03/2026	1.50	9,435	9,435
03/04/2017	02/04/2022	1.42	600	625
03/04/2017	02/04/2027	1.42	4,338	4,338
03/09/2018	02/09/2023	1.09	900	900
03/09/2018	02/09/2028	1.09	7,013	7,013
01/07/2019	30/06/2024	1.04	1,000	–
01/07/2019	30/06/2029	1.04	8,698	–
01/07/2019	30/06/2024	1.08	100	–
			71,665	65,689

* After adjustment for Share Split.

11. EMPLOYEE SHARE OPTIONS (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	01/07/2019	03/09/2018
Fair value of share options and assumptions		
Fair value at measurement date	$0.161 – $0.202	$0.189 – $0.228
Share price	$1.03	$1.09
Exercise price	$1.04 – $1.08	$1.09
Expected volatility	21.05%	22.70%
Expected option life	4.0 – 6.9 years	4.0 – 6.3 years
Expected dividend yield	1.88%	1.89%
Risk-free interest rate	2.25%	2.32%

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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current liabilities				
Unsecured bank loans	156,559	97,189	47,771	20,775
Current liabilities				
Unsecured bank loans	8,542	19,307	8,484	19,307
Total loans and borrowings	165,101	116,496	56,255	40,082

Information about the Group and the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 17.

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	2019 Face value	2019 Carrying amount	2018 Face value	2018 Carrying amount
		%		$'000	$'000	$'000	$'000
Group							
Unsecured bank loan	S$	0.65% + SWAP/SOR	2021	87,912	87,679	60,849	60,631
Unsecured bank loan	CNY	103% of 1-5 years PBOC Base Rate	2020-2022	68,938	68,938	36,558	36,558
Unsecured bank loan	HK$	2.76	2020	6,706	6,706	–	–
Unsecured bank loan	JPY	0.52	2020	1,778	1,778	–	–
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
Total interest-bearing liabilities				165,334	165,101	116,714	116,496
Company							
Unsecured bank loan	S$	0.65% + SWAP/SOR	2021	47,912	47,771	20,849	20,775
Unsecured bank loan	HK$	2.76	2020	6,706	6,706	–	–
Unsecured bank loan	JPY	0.52	2020	1,778	1,778	–	–
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
Total interest-bearing liabilities				56,396	56,255	40,156	40,082

12. LOANS AND BORROWINGS (CONT'D)

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

	LIABILITIES			
	LOANS AND BORROWINGS	LOAN FROM SUBSIDIARY'S NON-CONTROLLING INTEREST	LEASE LIABILITIES RESTATED*	TOTAL
	$'000	$'000	$'000	$'000
Group				
Restated balance as at 1 January 2019	116,496	2,402	21,067	139,965
Changes from financing cash flows				
Proceeds from bank loans	168,270	–	–	168,270
Proceeds from loan due to subsidiary's non-controlling interest	–	12,111	–	12,111
Repayment of bank loans	(118,653)	–	–	(118,653)
Payment of lease liabilities	–	–	(7,952)	(7,952)
Interest paid	(4,417)	–	–	(4,417)
Lease interest paid	–	–	(440)	(440)
Total changes from financing cash flows	45,200	12,111	(8,392)	48,919
The effect of changes in foreign exchange rates	(1,484)	(2)	(422)	(1,908)
Other changes				
New leases	–	–	22,795	22,795
Capitalised borrowing costs	3,388	–	–	3,388
Lease modification	–	–	(213)	(213)
Interest expense	1,501	–	440	1,941
Total other changes	4,889	–	23,022	27,911
Balance as at 31 December 2019	165,101	14,511	35,275	214,887
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)
Interest paid	(2,030)	–	–	(2,030)
Total changes from financing cash flows	35,219	99	–	35,318
The effect of changes in foreign exchange rates	81	99	–	180
Other changes				
New leases	–	–	–	–
Capitalised borrowing costs	808	–	–	808
Lease modification	–	–	–	–
Interest expense	1,184	–	–	1,184
Total other changes	1,992	–	–	1,992
Balance as at 31 December 2018	116,496	2,402	–	118,898

* See note 2.5

13. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade payables	42,700	30,376	4,227	3,393
Accrued operating expenses	98,142	89,285	22,238	17,931
Amounts due to subsidiaries:				
- trade	–	–	291	5,657
- non-trade	–	–	17,325	2,971
Loan from subsidiary's non-controlling interest	14,511	2,402	–	–
Deferred income	636	1,352	502	119
Deposits received	3,447	2,926	317	172
Other payables	24,020	21,828	3,935	3,919
	183,456	148,169	48,835	34,162
Non-current	20,926	11,380	1,157	868
Current	162,530	136,789	47,678	33,294
	183,456	148,169	48,835	34,162

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

Loan from subsidiary's non-controlling interest amounted to $2,400,000 (2018: $2,402,000) is unsecured, bears interest at 3% (2018:3%) per annum and is repayable on demand.

Loan due to subsidiary's non-controlling interest amounted to $12,111,000 (2018:Nil) is unsecured, bears interest at 4.75% (2018:Nil) per annum and is repayable between two and five years.

The Group and the Company's exposure to currency and liquidity risks related to trade and other payables is disclosed in note 17.

14. LEASE LIABILITIES

	GROUP	COMPANY
	2019	2019
	$'000	$'000
Non-current		
- one to two years	8,949	957
- two to three years	7,032	718
- three to four years	5,052	264
- four to five years	3,191	72
- more than five years	292	14
	24,516	2,025
Current		
- less than one year	10,759	1,192
	35,275	3,217

14. LEASE LIABILITIES (CONT'D)

Leases as lessee (SFRS(I) 16)

The Group leases clinics, that typically run for a period of 2 to 10 years, with an option to renew the lease after that date. Lease payments are renegotiated every 2 to 10 years to reflect market rentals. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

The Group leases equipment with contract terms of one to four years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 4).

Amounts recognised in profit or loss

	$'000
2019 – Leases under SFRS(I) 16	
Interest on lease liabilities	440
Expenses relating to short-term leases	3,092
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	159
2018 – Operating leases under SFRS(I) 1-17	
Lease expense	11,809
Lease of equipment included in other operating expenses	204

Amounts recognised in consolidated statement of cash flows

	2019 $'000
Total cash outflow for leases	(8,392)

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The Group expects to make use of all extension option in the lease contracts, which typically vary between 1 and 3 years.

14. LEASE LIABILITIES (CONT'D)

As at 31 December 2018, the Group had outstanding commitment under non-cancellable operating leases, which fall due as follows:

	GROUP 2018 $'000	COMPANY 2018 $'000
Operating leases under SFRS(I) 1-17		
Less than one year	9,597	3,364
Between one and five years	13,042	1,802
More than five years	513	–
Total	23,152	5,166

Leases as lessor

The Group leases out its investment property consisting of its owned commercial properties (see Note 6). All leases are classified as operating leases from a lessor perspective. Each of the leases contains an initial non-cancellable period of 1-5 years, with fixed annual rents. Subsequent renewals are negotiated with the lessee and historically the average renewal period ranges from 1-5 years.

The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from investment property recognised by the Group during 2019 was $8,213,000 (2018: $7,792,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	GROUP $'000
2019 – Operating leases under SFRS(I) 16	
Less than one year	7,859
One to two years	6,682
Two to three years	3,374
Three to four years	508
Total	18,423
2018 – Operating leases under SFRS(I) 1-17	
Less than one year	6,847
Between one and five years	10,226
Total	17,073

15. OTHER FINANCIAL LIABILITIES

	GROUP	
	2019	2018
	$'000	$'000
Present value of the exercise price of written put options	2,754	2,790

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

16. INSURANCE CONTRACT PROVISIONS

Analysis of movements in insurance contract provisions

	GROUP					
	<------------- 2019 ------------->			<------------- 2018 ------------->		
	GROSS	REINSURERS' SHARE	NET	GROSS	REINSURERS' SHARE	NET
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January	34,965	(21,105)	13,860	31,534	(20,397)	11,137
Provision made	67,510	(22,894)	44,616	50,500	(20,487)	30,013
Provision used	(60,413)	21,910	(38,503)	(47,069)	19,779	(27,290)
At 31 December	42,062	(22,089)	19,973	34,965	(21,105)	13,860

The Group writes both group and individual health insurance contracts, as well as group term life 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 the 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 Group reserving methodology for determining insurance contract provision is intended to result in the most likely or expected outcome for the ultimate loss settlement by analysing the historical claim payments to identify possible trends in order to project future claim payments. The Principal method used is the Chain Ladder method. This approach is supplemented with the Bornhuetter-Ferguson and Expected Loss Ratio methods where appropriate. An additional loading is applied, otherwise known as a provision for adverse deviation, having regard to Singapore Insurance Legislation administered by the Monetary Authority of Singapore (MAS) and uncertainty introduced by limitations of available data. 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 MAS'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.

17. 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 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.

17. FINANCIAL INSTRUMENTS (CONT'D)

Expected credit loss assessment for trade and other receivables (lifetime ECL)

Trade receivables

Group and Company

The Group and Company applied the simplified approach in SFRS(I) 9 to measure the loss allowance of trade receivables from individual customers at lifetime ECL based on allowance matrix, 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.

31 DECEMBER 2019	WEIGHTED AVERAGE LOSS RATE %	GROSS CARRYING AMOUNT $'000	IMPAIRMENT LOSS ALLOWANCE $'000	CREDIT IMPAIRED
Group				
No credit terms	–	9,388	–	No
Neither past due nor impaired	1.12	37,844	422	No
Past due 0 – 30 days	3.20	6,933	222	No
Past due 31 – 180 days	10.99	9,746	1,071	No
Past due 181 – 365 days	20.25	4,228	856	Yes
More than one year	72.70	4,799	3,489	Yes
		72,938	6,060	
Company				
Neither past due nor impaired	4.10	8,486	348	No
Past due 0 – 30 days	5.84	2,190	128	No
Past due 31 – 180 days	16.50	3,175	524	No
Past due 181 – 365 days	16.97	1,874	318	Yes
More than one year	56.68	2,186	1,239	Yes
		17,911	2,557	

17. FINANCIAL INSTRUMENTS (CONT'D)

Expected credit loss assessment for trade and other receivables (lifetime ECL) (cont'd)

Trade receivables (cont'd)

Group and Company (cont'd)

31 DECEMBER 2018	WEIGHTED AVERAGE LOSS RATE %	GROSS CARRYING AMOUNT $'000	IMPAIRMENT LOSS ALLOWANCE $'000	CREDIT IMPAIRED
Group				
No credit terms	–	11,065	–	No
Neither past due nor impaired	1.67	22,466	375	No
Past due 0 – 30 days	4.02	10,535	423	No
Past due 31 – 180 days	10.02	14,646	1,468	No
Past due 181 – 365 days	20.60	7,472	1,539	Yes
More than one year	59.59	3,541	2,110	Yes
		69,725	5,915	
Company				
Neither past due nor impaired	3.27	8,188	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
		22,560	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. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the allowance matrix.

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

17. FINANCIAL INSTRUMENTS (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
	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
At 1 January 2019	5,915	2,342
Impairment loss recognised	2,085	1,370
Impairment loss utilised	(1,940)	(1,155)
At 31 December 2019	6,060	2,557

Other receivables, staff loans and deposits (Group and Company)

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) (note 8 and note 25)

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 (Group and Company)

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 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. 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.

17. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

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 2019				
Non-derivative financial liabilities				
Unsecured bank loans	165,101	(174,337)	(12,331)	(162,006)
Other financial liabilities	2,754	(2,754)	(2,754)	–
Trade and other payables*	182,820	(182,820)	(161,894)	(20,926)
Lease liabilities	35,275	(36,648)	(11,350)	(25,298)
	385,950	(396,559)	(188,329)	(208,230)
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)
Company				
31 December 2019				
Non-derivative financial liabilities				
Unsecured bank loans	56,255	(56,623)	(8,709)	(47,914)
Trade and other payables*	48,333	(48,333)	(47,176)	(1,157)
Lease liabilities	3,217	(3,312)	(1,241)	(2,071)
	107,805	(108,268)	(57,126)	(51,142)
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)

* Excludes deferred income

17. FINANCIAL INSTRUMENTS (CONT'D)

Market risk

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

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), Singapore dollar (S$) and Chinese Yuan (CNY).

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.

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	CNY $'000
Group						
31 December 2019						
Trade and other receivables	–	–	778	–	84	21
Cash and cash equivalents	–	–	1,879	–	32	139
Trade and other payables	(376)	–	(3,116)	–	–	–
Amount owing (to)/from subsidiaries (net)	–	(2,600)	775	3,505	(4,347)	650
Loans and borrowings	–	(6,706)	–	(1,778)	–	–
	(376)	(9,306)	316	1,727	(4,231)	810
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)	–

17. FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

Exposure to currency risk (cont'd)

	HK$ $'000	US$ $'000	JPY $'000	CNY $'000
Company				
31 December 2019				
Cash and cash equivalents	–	854	–	137
Amounts owing (to)/from subsidiaries (net)	–	–	1,781	–
Loans and borrowings	(6,706)	–	(1,778)	–
	(6,706)	854	3	137
31 December 2018				
Amounts owing (to)/from subsidiaries (net)	–	546	1,773	–
Loans and borrowings	(7,459)	–	(1,773)	–
	(7,459)	546	–	–

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.

	2019 $'000	2018 $'000
Group		
EUR	(38)	(35)
HK$	(931)	(1,009)
US$	32	(889)
JPY	173	164
S$	(423)	(380)
CNY	81	–
Company		
HK$	(671)	(746)
US$	85	55
CNY	14	–

17. FINANCIAL INSTRUMENTS (CONT'D)

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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Financial assets	99,718	44,578	45,689	109
Financial liabilities	(43,759)	(19,307)	(11,701)	(19,307)
Loan due to subsidiary's non-controlling interest	(14,511)	(2,402)	–	–
	41,448	22,869	33,988	(19,198)
Variable rate instruments				
Financial liabilities	(156,617)	(97,189)	(47,771)	(20,775)

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 2019				
Variable rate instruments	(1,566)	1,566	(478)	478
31 December 2018				
Variable rate instruments	(972)	972	(208)	208

17. FINANCIAL INSTRUMENTS (CONT'D)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding NCI. The Board also monitors the levels of dividends to ordinary shareholders. In addition, the Board and senior management also monitors the Group's capital adequacy and insurance fund solvency levels against regulatory requirements.

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

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

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

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

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

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

17. 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. For the current year the fair value disclosure of lease liabilities is not required.

		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 2019								
Financial assets not measured at fair value								
Trade and other receivables #	8	84,995	–	84,995				
Cash and cash equivalents	9	151,826	–	151,826				
		236,821	–	236,821				
Financial liabilities not measured at fair value								
Loans and borrowings	12	–	(165,101)	(165,101)	–	(165,334)	–	(165,334)
Trade and other payables*	13	–	(182,820)	(182,820)				
Lease liabilities	14	–	(35,275)	(35,275)				
Other financial liabilities	15	–	(2,754)	(2,754)	–	–	(2,754)	(2,754)
		–	(385,950)	(385,950)				

Excludes prepayments
* Excludes deferred income

17. 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	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	15	–	(2,790)	(2,790)	–	–	(2,790)	(2,790)
		–	(266,103)	(266,103)				

Excludes prepayments
* Excludes deferred income

17. 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 2019								
Financial assets not measured at fair value								
Trade and other receivables #	8	141,713	–	141,713				
Cash and cash equivalents	9	47,621	–	47,621				
Amounts due from subsidiaries	25	557,972	–	557,972	–	–	557,972	557,972
		747,306	–	747,306				
Financial liabilities not measured at fair value								
Loans and borrowings	12	–	(56,255)	(56,255)	–	(56,396)	–	(56,396)
Trade and other payables*	13	–	(48,333)	(48,333)				
Lease liabilities	14	–	(3,217)	(3,217)				
		–	(107,805)	(107,805)				

Excludes prepayments
* Excludes deferred income

17. 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				
Amounts due from subsidiaries	25	517,754	–	517,754	–	–	517,754	517,754
		677,412	–	677,412				
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)				

Excludes prepayments
* Excludes deferred income

17. FINANCIAL INSTRUMENTS (CONT'D)

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring level 2 and level 3 fair values.

Financial instrument not measured at fair value

TYPE	VALUATION TECHNIQUES
Group and Company	
Other financial liabilities – put options	*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. All other financial assets are discounted to determine their fair values.

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:

	PUT OPTIONS $'000
Group	
At 1 January 2018	4,714
Reversal upon the exercise of written put options	(1,924)
At 31 December 2018	2,790
Changes in exercise price of written put options	(36)
At 31 December 2019	2,754

18. REVENUE

	GROUP	
	2019	2018
	$'000	$'000
Revenue from contracts with customers	513,825	481,343
Rental income	8,213	7,792
	522,038	489,135

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

18. 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.

19. PROFIT FOR THE YEAR

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

	GROUP	
	2019	2018
	$'000	$'000
Recovery of bad debts	(933)	(1,749)
Changes in fair value in investment properties	(2,128)	(3,395)
Contributions to defined contribution plans	17,530	15,646
Gain on disposal of property, plant and equipment, net	(30)	(49)
Write-off for stock obsolescence	150	229
Interest expense:		
- bank loans	1,501	1,184
- lease liabilities	440	–
Interest income	(1,697)	(1,083)
Audit fees paid to:		
- auditors of the Company	211	193
- other auditors	83	80
Non-audit fees paid to:		
- auditors of the Company	53	40
- other auditors	1	21
Property, plant and equipment written-off	173	220
Foreign exchange loss/(gain)	515	(408)
Value of employee services received for issue of share options, included in staff costs	1,399	1,461
Impairment loss of goodwill	–	400

20. TAX EXPENSE

		GROUP	
	NOTE	2019	2018
		$'000	$'000
Tax recognised in profit or loss			
Current tax expense			
Current year		14,586	13,223
Adjustment for prior years		(1,280)	201
		13,306	13,424
Deferred tax (credit)/expense			
Movements in temporary differences		968	(330)
Adjustment for prior years		1,128	237
	7	2,096	(93)
Tax expense		15,402	13,331

20. TAX EXPENSE (CONT'D)

	GROUP	
	2019	2018
	$'000	$'000
Reconciliation of effective tax rate		
Profit before tax	75,924	84,134
Tax using the Singapore tax rate of 17% (2018: 17%)	12,907	14,303
Effect of tax rates in foreign jurisdiction	(1,189)	(596)
Non-deductible expenses	1,833	2,112
Tax exempt income	(634)	(694)
Tax incentives	(174)	(297)
Tax effect of unrecognised tax losses	4,779	1,097
Utilisation of tax losses	(1,138)	(1,370)
(Over)/Under provision in respective of prior years	(152)	438
Others	(830)	(1,662)
	15,402	13,331

The Group intends to utilise the unabsorbed tax losses and capital allowances of $3,798,000 (2018: $887,000) 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.

21. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2019 was based on the profit attributable to ordinary shareholders of $60,273,000 (2018: $71,056,000), and a weighted-average number of ordinary shares outstanding of 1,813,326,091 (2018: 1,784,387,214), calculated as follows:

Profit attributable to ordinary shareholders

	GROUP	
	2019	2018
	$'000	$'000
Profit attributable to ordinary shareholders	60,273	71,056

21. EARNINGS PER SHARE (CONT'D)

Weighted-average number of ordinary shares

	GROUP	
	2019 NO. OF SHARES '000	2018 NO. OF SHARES '000
Issued ordinary shares at beginning of the year	1,797,174	1,771,039
Effect of own shares held	(188)	–
Effect of scrip dividend shares issued	15,203	12,539
Effect of share options exercised	1,137	809
Weighted average number of ordinary shares during the year	1,813,326	1,784,387

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2019 was based on profit attributable to ordinary shareholders of $60,273,000 (2018: $71,056,000), and a weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 1,815,814,937 (2018: 1,788,293,057), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

	GROUP	
	2019 $'000	2018 $'000
Profit attributable to ordinary shareholders	60,273	71,056

Weighted-average number of ordinary shares

	GROUP	
	2019 NO. OF SHARES '000	2018 NO. OF SHARES '000
Weighted average number of ordinary share (basic)	1,813,326	1,784,387
Potential ordinary shares issuable under share options	2,489	3,906
Weighted average number of ordinary shares (diluted) during the year	1,815,815	1,788,293

At 31 December 2019, 63,096,000 options (2018: 37,409,000) 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.

22. 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.

22. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	HEALTHCARE SERVICES		HOSPITAL SERVICES		INVESTMENT HOLDINGS		TOTAL	
	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue and expenses								
Revenue	238,718	218,925	306,434	289,421	33,724	29,220	578,876	537,566
Inter-segment revenue	3,808	3,050	26,775	23,111	26,255	22,270	56,838	48,431
Finance expenses	(832)	(368)	(21)	–	(1,088)	(816)	(1,941)	(1,184)
Depreciation and amortisation	(13,039)	(5,392)	(7,733)	(6,327)	(185)	(207)	(20,957)	(11,926)
Reportable segment profit before tax	13,812	12,513	48,379	57,169	22,036	20,799	84,227	90,481
Reportable segment assets	908,111	796,924	214,302	206,373	926,249	840,770	2,048,662	1,844,067
Capital expenditure	23,938	4,019	22,348	9,711	92,653	101,229	138,939	114,959
Reportable segment liabilities	217,160	136,927	141,495	129,676	786,627	675,570	1,145,282	942,173

22. OPERATING SEGMENTS (CONT'D)

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

	2019 $'000	2018 $'000
Revenues		
Total revenue for reportable segments	578,876	537,566
Elimination of inter-segment revenue	(56,838)	(48,431)
Consolidated revenue	522,038	489,135
Profit or loss		
Total profit for reportable segments	84,227	90,481
Adjustment for depreciation of property, plant and equipment and amortisation of intangible assets	(8,303)	(6,347)
Consolidated profit before tax	75,924	84,134
Assets		
Total assets for reportable segments	2,048,662	1,844,067
Elimination of inter-segment assets	(765,005)	(728,789)
Unallocated amounts-current tax and deferred tax assets	1,165	1,011
Consolidated total assets	1,284,822	1,116,289
Liabilities		
Total liabilities for reportable segments	1,145,282	942,173
Elimination of inter-segment liabilities	(738,723)	(660,858)
Unallocated amounts-current tax and deferred tax liabilities	21,409	18,348
Consolidated total liabilities	427,968	299,663

Other material items

	REPORTABLE SEGMENT TOTALS $'000	ADJUSTMENTS $'000	CONSOLIDATED TOTALS $'000
31 December 2019			
Depreciation and amortisation	20,957	8,303	29,260
31 December 2018			
Depreciation and amortisation	11,926	6,347	18,273

22. OPERATING SEGMENTS (CONT'D)

Other material items (cont'd)

The Group's properties at Raffles Holland V, Raffles Hospital, Raffles Specialist Centre and Chongqing are owned by its subsidiaries and classified as investment properties in the subsidiaries' standalone financial statements. In accordance with the Group's accounting policies, investment property is measured at fair value and not depreciated.

For the preparation of the consolidated financial statements, a portion of these properties are reclassified from investment properties to property, plant and equipment as these properties are used in the supply of medical services by the Group. Accordingly, the carrying values of these properties are depreciated over their useful lives in the consolidated financial statements of the Group.

The amount of $8,303,000 (2018: $6,347,000) relates to the depreciation of these properties for the year ended 31 December 2019.

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	
	2019	2018
	$'000	$'000
Revenue		
Singapore	462,245	431,351
Greater China	40,021	39,846
Rest of Asia	19,772	17,938
Consolidated revenue	522,038	489,135
Non-current assets		
Singapore	712,489	685,016
Greater China	312,866	223,936
Rest of Asia	8,844	5,211
Consolidated non-current assets*	1,034,199	914,163

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

Impact of SFRS(I) 16

The Group initially applied SFRS(I) 16 at 1 January 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases. As a result, the Group recognised $20,795,000 of right-of-use assets and $21,067,000 of liabilities from those lease contracts. The assets and liabilities are included in all the segments as at 31 December 2019. The Group has applied SFRS(I) 16 using the modified retrospective approach under which comparative information is not restated (see note 2.5).

Major customer

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

23. COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2019, commitments contracted but not provided for by the Group in the financial statements amounted to $51,726,000 (2018: $137,475,000). This mainly relates to properties development expenditure for Raffles Hospital Shanghai Project and Raffles Hospital Chongqing Project.

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 $421,000 has been disbursed as at 31 December 2019.

24. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel compensation

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

Key management personnel participate in the Employee Share Option Scheme. 2,325,000 (2018: 1,700,000) share options were received by the key management personnel of the Company during the year. The share options that were granted during the year were on the same terms and conditions as those offered to other employees of the Company as described in note 11. At the reporting date, 9,617,000 (2018: 8,362,000) of the share options granted to the directors of the Company were outstanding.

Key management personnel compensation comprised:

	GROUP	
	2019 $'000	2018 $'000
Short-term employee benefits	11,515	12,358
Directors' fees	722	551
Share-based benefits	391	334
	12,628	13,243

25. SUBSIDIARIES

	COMPANY	
	2019 $'000	2018 $'000
Investments in subsidiaries	43,803	44,850
Amounts due from subsidiaries	557,972	517,754
	601,775	562,604

The amounts due from subsidiaries are unsecured, interest-free and not due within the next 12 months. There is no impairment loss arising from these outstanding balances as ECL is not material. The Company's exposure to credit risk and impairment losses is disclosed in note 17.

25. SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:

NAME OF SUBSIDIARIES	PRINCIPAL ACTIVITIES	PLACE OF INCORPORATION AND BUSINESS	EFFECTIVE EQUITY INTEREST HELD BY THE GROUP 2019 %	2018 %
[1] Raffles Hospital Pte Ltd	Provision of general and specialised medical services and operation of a hospital	Singapore	100	100
[1] Raffles Diagnostica Pte Ltd	Operation of medical laboratory and imaging centre	Singapore	100	100
[1] Raffles Medical Properties Pte Ltd and its subsidiaries:	Property owner and investment holding	Singapore	100	100
[1] Raffles Hospital Properties Pte Ltd	Property owner	Singapore	100	100
[1] MP Clementi Pte Ltd	Investment holding	Singapore	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
[1] Raffles Chinese Medicine Pte Ltd	Provision of general medical services, acupuncture and acupressure	Singapore	100	100
[1] Raffles Japanese Clinic Pte Ltd and its subsidiaries:	Operation of medical clinics, provision of medical services and investment holding	Singapore	80	80
[2] RJC Ltd and its subsidiaries:	Investment holding	Japan	80	80
[2] RSM Ltd and its subsidiary:	Provision of medical support and consultancy services	Japan	40.8	40.8
[2] Zui Wa Kai Medical Corporation	Operation of medical clinics and provision of medical services	Japan	– [13]	– [13]
[1] Raffles Health Pte Ltd	Trading in pharmaceutical and nutraceutical products and diagnostic equipment	Singapore	100	100
[1] Aptitude [2003] Pte Ltd	Provision of advisory and consultancy services and developing IT solutions	Singapore	100	100

25. SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARIES	PRINCIPAL ACTIVITIES	PLACE OF INCORPORATION AND BUSINESS	EFFECTIVE EQUITY INTEREST HELD BY THE GROUP 2019 %	2018 %
[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
[4] Raffles Medical Group (Hong Kong) Limited and its subsidiaries:	Investment holding and provision of medical and dental services	Hong Kong	100	100
[4] Coors Consultants Limited	Provision of consultancy services	Hong Kong	100	100
[4] Medical Properties Limited	Investment holding, provision of medical services and hospital operation	Hong Kong	100	100
[8] Anzheng (Chongqing) Hospital Co. Ltd.	Property owner	China	100	100
[8] ShenAn (Chongqing) Hospital Co. Ltd.	Hospital management and operations	China	100	100
[2] Renguang Health Management (Shanghai) Co. Ltd.	Hospital management and operations	China	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
[5] Shanghai Ruihe Clinic Co. Ltd	Operation of medical clinics and provision of medical services	China	–[13]	–[13]
[7] Dalian Jin Pu New District Anshen Clinic	Operation of medical clinics and provision of medical services	China	–[13]	–[13]
[6] Nanjing Lai Ning Clinic	Operation of medical clinics and provision of medical services	China	–[13]	–[13]
[2] Tianjin 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]	–[13]

25. SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARIES	PRINCIPAL ACTIVITIES	PLACE OF INCORPORATION AND BUSINESS	EFFECTIVE EQUITY INTEREST HELD BY THE GROUP 2019 %	2018 %
[1] Raffles Health Insurance Pte Ltd	Provision of health and related insurance	Singapore	100	100
[2] PT Raffles Medika Indonesia	Provision of hospital and healthcare management and consultancy services	Indonesia	100[3]	100[3]
[1] Raffles SurgiCentre Pte Ltd and its subsidiaries:	Provision of general and specialised medical services, operation of a hospital and investment holding	Singapore	100	100
[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	80
[6] Beijing International (SOS) Clinic	Provides medical services through operation of medical clinics	China	80	80
[6] Nanjing International (SOS) Clinic	Provides medical services through operation of medical clinics	China	80	80
[12] Tianjin International (SOS) Clinic	Provides medical services through operation of medical clinics	China	80	80
[10] Lifetime Health Limited Liability Company	Provides medical examination and treatment through its international polyclinics and specialty clinics	Vietnam	80	80
[11] AEA International SOS (Cambodia) Ltd	Provides medical services through operation of medical clinics	Cambodia	80	80
[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	80
[9] Shenzhen International SOS Clinic	Provision of clinical services	China	80	80
[1] Raffles Medical China Pte Ltd and its subsidiaries:	Investment holding and provision of medical services and hospital operation	Singapore	100	100
[2] Shenzhen Investments Pte Ltd	Investment holding (dormant)	Singapore	100	100

25. SUBSIDIARIES (CONT'D)

NAME OF SUBSIDIARIES	PRINCIPAL ACTIVITIES	PLACE OF INCORPORATION AND BUSINESS	EFFECTIVE EQUITY INTEREST HELD BY THE GROUP 2019 %	2018 %
[1] Shanghai Capital Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[8] Shanghai Qihua Hospital Co. Ltd.	Property owner	China	70	70
[1] RMG Capital Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
[1] Asian Healthcare Capital Management Pte Ltd	Property owner	Singapore	100	100
[2] International Medical Investment Co., Ltd	Investment holding (dormant)	British Virgin Islands	100	100
[1] Nicoll Capital Pte. Ltd. and its subsidiary:	Investment holding	Singapore	100	100
[1] Nicoll Consultancy Pte. Ltd.	Provision of management consultancy services for healthcare organisations	Singapore	100	100
[1] Scotts Capital Pte. Ltd. and its subsidiary:	Investment holding	Singapore	100	100
[2] Scotts Consultancy Pte. Ltd.	Provision of management consultancy services for healthcare organisations	Singapore	100	100

1 *Audited by KPMG LLP, Singapore*
2 *Not required to be audited*
3 *Shares of this subsidiary are partially held in trust by a director of the subsidiary*
4 *Audited by Lawrence Cheung C.P.A. Company Limited, Hong Kong*
5 *Audited by Shanghai Deking Certified Public Accountants Co., Ltd*
6 *Audited by BeiJing Zimp Certified Public Accountants Co., Ltd*
7 *Audited by BDO China Shu Lun Pan Certified Public Accountants LLP for 2018. Audited by BeiJing Zimp Certified Public Accountants Co., Ltd for 2019*
8 *Audited by BDO China Shu Lun Pan Certified Public Accountants LLP*
9 *Audited by WongGa Partners Certified Public Accountants (SZ) General Partners*
10 *Audited by KPMG Limited, Ho Chi Minh City*
11 *Audited by BDO (Cambodia) Limited*
12 *Audited by BeiJing Zimp Certified Public Accountants Co., Ltd for 2018. Audited by Tianjin Zhongqihua Certified Public Accountants Co., Ltd for 2019*
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.

25. SUBSIDIARIES (CONT'D)

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	
		2019	2018
Raffles Japanese Clinic Pte Ltd (RJC)	Singapore	20%	20%
International SOS (MC Holdings) Pte Ltd (MCH)	Singapore	20%	20%
Shanghai Qihua Hospital Co. Ltd (SQH)	China	30%	30%

The following summarised financial information for the above subsidiaries are prepared in accordance with SFRS(I)s, 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
2019						
Revenue	19,074	36,901	–			
Profit/(Loss)	835	(201)	(3)			
Other comprehensive income (OCI)	–	(87)	(1,363)			
Total comprehensive income	835	(288)	(1,366)			
Attributable to NCI:						
- Profit/(Loss)	167	(40)	(1)	136	(13)	249
- OCI	–	(17)	(409)	1	–	(425)
- **Total comprehensive income**	167	(57)	(410)	137	(13)	(176)
Non-current assets	1,104	19,234	122,713			
Current assets	18,101	18,853	17,574			
Non-current liabilities	(163)	(11,776)	(70,675)			
Current liabilities	(5,520)	(24,462)	(17,977)			
Net assets	13,522	1,849	51,635			
Net assets attributable to NCI	2,704	370	15,491	(2,485)	(119)	15,961
Cash flows from/(used in) operating activities	1,549	4,052	(3,989)			
Cash flows from/(used in) investing activities	1,711	(1,514)	(41,897)			
Cash flows from financing activities	–	–	51,440			
Net increase in cash and cash equivalents	3,260	2,538	5,554			

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
2018						
Revenue	17,671	37,813	–			
Profit	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 increase/(decrease) in cash and cash equivalents	8,220	2,618	(15,876)			

26. DIVIDENDS

After the respective reporting dates, the directors proposed a one-tier tax exempt final dividend of 2.00 cents (2018: 2.00 cents) per share amounting approximately to $36,557,000 (2018: $35,943,000), 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	
	2019	2018
	$'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)

Shareholdings Statistics
As At 13 March 2020

SHARE CAPITAL AND VOTING RIGHTS

Number of Issued and fully paid shares	:	1,828,337,757
Number of Treasury shares held	:	400,000
Number of Issued shares (excluding treasury shares)	:	1,827,937,757
Class of shares	:	Ordinary shares
Number of subsidiary holdings	:	Nil
Voting rights	:	1 vote per ordinary share / No vote for Treasury Shares

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 13 March 2020, approximately 47.7% 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	NUMBER OF SHAREHOLDERS (EXCLUDING TREASURY SHARES)	%	NUMBER OF SHARES (EXCLUDING TREASURY SHARES)	%
1 - 99	526	3.41	22,892	0.00
100 - 1,000	1,341	8.69	763,007	0.04
1,001 -10,000	8,292	53.73	43,123,498	2.36
10,001 - 1,000,000	5,235	33.92	216,441,568	11.84
1,000,001 and above	39	0.25	1,567,586,792	85.76
	15,433	100.00	1,827,937,757	100.00

TOP 20 SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%*
1	Raffles Medical Holdings Pte Ltd	674,529,434	36.90
2	Loo Choon Yong	182,643,907	9.99
3	Citibank Nominees Singapore Pte Ltd	165,912,526	9.08
4	DBS Nominees Pte Ltd	148,590,591	8.13
5	DBSN Services Pte Ltd	83,761,541	4.58
6	S & D Holdings Pte Ltd	59,684,716	3.27
7	Raffles Nominees (Pte) Limited	49,356,726	2.70
8	BPSS Nominees Singapore (Pte.) Ltd.	34,940,866	1.91
9	UOB Nominees (2006) Pte Ltd	26,419,057	1.45
10	HSBC (Singapore) Nominees Pte Ltd	24,305,808	1.33
11	Tan Tiang Lee	14,877,674	0.81
12	Asian Medical Foundation Ltd	14,072,979	0.77
13	United Overseas Bank Nominees Pte Ltd	14,022,667	0.77
14	OCBC Nominees Singapore Pte Ltd	9,772,875	0.53
15	Yii Hee Seng	9,451,782	0.52
16	Maybank Kim Eng Securities Pte. Ltd	7,082,576	0.39
17	Phillip Securities Pte Ltd	6,174,955	0.34
18	Tan Soo Nan @Tan Soo Nam	4,536,000	0.25
19	Wee Beng Geok	3,459,000	0.19
20	OCBC Securities Private Ltd	3,188,972	0.17
		1,536,784,652	84.08

* The percentage is calculated based on the number of issued ordinary shares of the Company as at 13 March 2020, excluding 400,000 shares held as treasury shares as at that date.

Shareholdings Statistics

As At 13 March 2020

SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

NAME	DIRECT INTEREST		DEEMED INTEREST		TOTAL INTEREST	
	NUMBER OF SHARES	%[1]	NUMBER OF SHARES	%[1]	NUMBER OF SHARES	%[1]
Dr Loo Choon Yong[2]	182,884,161[3]	10.01	762,275,207	41.70	945,159,368	51.71
Raffles Medical Holdings Pte Ltd	700,948,491	38.35	-	-	700,948,491	38.35

Notes:

(1) Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares.

(2) Dr Loo 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 Chai Chee, Jacqueline by virtue of the operation of the provisions of Section 4 of the Securities and Futures Act (Cap. 289).

(3) The Direct Interest of Dr Loo included an acquisition of 106,300 shares of the Company on 13 March 2020.

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RafflesMedicalGroup

Your Trusted Partner for Health in Asia

ANNUAL REPORT 2019

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