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**THOMSON MEDICAL GROUP LIMITED**

(Incorporated in the Republic of Singapore on 31 December 1999)  
(UEN/Company Registration No. 199908381D)

**S\$500,000,000**  
**Multicurrency Debt Issuance Programme**  
**(the “Programme”)**

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the “Notes”) and perpetual securities (the “Perpetual Securities”) and, together with the Notes, the “Securities”) to be issued from time to time by Thomson Medical Group Limited (the “Issuer”) pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the “SFA” is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Application has been made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in and the listing and quotation of any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of any Securities on, the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme or such Securities.

Each Series (as defined herein) of Notes to be issued from time to time pursuant to the Programme may be secured by a charge and assignment over the rights, title and interests of the Issuer in and to the Relevant Interest Service Reserve Account (as defined herein). If the Relevant Account Charge (as defined herein) is specified as being applicable in the relevant Pricing Supplement (as defined herein), such Series of Notes to be issued pursuant to the Programme will be secured by a charge and assignment over the rights, title and interests of the Issuer in and to the Relevant Interest Service Reserve Account.

Arranger





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## NOTICE

DBS Bank Ltd. (the “**Arranger**”) has been authorised by the Issuer to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies (if any), the Programme and the Securities. The Issuer confirms that this Information Memorandum contains all information which is material in the context of the Programme or the issue and offering of the Securities, that the information contained in this Information Memorandum is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum and are fairly, reasonably and honestly held by the Issuer, and there are no other facts the omission of which in the context of the Programme or the issue and offering of the Securities would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section “Summary of the Programme”)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with, or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, CDP or a common depository for Euroclear and Clearstream, Luxembourg or otherwise delivered as agreed between the Issuer and the relevant Dealer(s). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to herein) shall be S\$500,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased pursuant to the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum in connection with the Programme and the issue, offer or sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Arranger or any of the Dealers. The delivery or dissemination of this Information Memorandum at any time after the date of this Information Memorandum does not imply that the information contained in this Information Memorandum or any part of this Information Memorandum is correct at any time after such date. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme and the issue of the Securities may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum (or any part thereof) or any such other document or information and the offer of the Securities in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Information Memorandum (or any part thereof) or any such other document or information (or any part thereof) or into whose possession this Information Memorandum or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such prohibitions and restrictions and all applicable laws, orders, rules and regulations.

The Securities have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and include Securities in bearer form that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any of the Dealers to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealer(s) as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.



The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealers or any of their respective officers, employees or agents is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, none of the Arranger or any of the Dealers makes any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Arranger, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Arranger or any of the Dealers accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger or any of the Dealers or on its behalf in connection with the Issuer, the Group (as defined herein), the Programme or the issue and offering of the Securities. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

In connection with the issue of any series of Securities, one or more Dealers named as stabilising manager(s) (the “**Stabilising Manager(s)**”) (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin at any time, on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Securities is made and, if begun, may be ended or discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series of Securities and 60 days after the date of the allotment of the relevant series of Securities. Any stabilisation action will be conducted in accordance with the law.



The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or publicly announced unaudited financial statements of the Issuer and its subsidiaries and associated companies (if any) and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Securities, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Principal Paying Agent (as defined herein).

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The distribution of this Information Memorandum and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities and distribution of this Information Memorandum set out under the section "Subscription, Purchase and Distribution" on pages 172 to 176 of this Information Memorandum.

**Any person(s) who is/are invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.**

**It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.**

**Prospective investors should pay attention to the risk factors set out in the section "Risk Factors".**

**Notification under Section 309B of the SFA:** Unless otherwise stated in the Pricing Supplement in respect of any Securities, all Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**MiFID II product governance/target market:** The Pricing Supplement in respect of any Securities may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise, neither the Arranger, the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors:** If the Pricing Supplement in respect of any Securities includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the “**Prospectus Directive**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Presentation of Financial Information

The Issuer’s audited consolidated financial statements as at and for the financial year ended 31 December 2018 are prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”), which are the Group’s first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 (*First-time adoption of Singapore Financial Reporting Standards (International)*) has been applied. For the financial year ended 31 December 2017 and the financial years prior, the audited consolidated financial statements were prepared in accordance with Financial Reporting Standards in Singapore (“**FRS**”). See “Comparability of Financial Information” below.

While SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”), FRS differ in certain respects from generally accepted accounting principles in other countries, including IFRS, which differences might be material to the financial information presented herein. Potential investors should consult their own professional advisers for an understanding of the difference between FRS, SFRS(I), IFRS and accounting principles in certain other jurisdictions, and how those differences might affect the financial information presented herein. In making an investment decision, investors must rely upon their own independent examination of the Issuer, the Group, the terms of this offering and the recent financial information of the Issuer and the Group. Unless specified or the context otherwise requires, all financial information in this Information Memorandum is presented on a consolidated basis.

The Issuer’s financial year ends on 31 December, and references in this Information Memorandum to any specific year are to the 12-month period ending on 31 December of such year.

## Comparability of Financial Information

### ***Transition to SFRS(I) and adoption of new standards***

The Financial Statements for the year ended 31 December 2018 (the “**FY2018 Financial Statements**”) are the first the Group and the Issuer have prepared in accordance with SFRS(I). Accordingly, the Group and the Issuer have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative financial information for the year ended 31 December 2017, as described in note 2 (*Summary of significant accounting policies*) to the FY2018 Financial Statements presented in this Information Memorandum (see Appendix II). In preparing the financial statements, the Group’s and the Issuer’s opening statements of financial position were prepared as at 1 January 2017, the Group and the Issuer’s date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed in note 2 (*Summary of significant accounting policies*) in the FY2018 Financial Statements set out in this Information Memorandum.

### ***Business combinations***

During the financial year ended 31 December 2018, the Issuer completed the very substantial acquisition of Sasteria Pte Ltd (“**Sasteria**”). The consolidated financial statements of the Group for the financial year ended 31 December 2018 have been prepared based on the pooling of interest method as described in note 2.4(c) (*Basis of consolidation and business combinations – business combinations involving entities under common control*) to the FY2018 Financial Statements set out in this Information Memorandum as the Issuer and Sasteria are under common control. Accordingly, the comparatives of FY2017 presented in the tables set out in the section “Selected Consolidated Financial Information” and in Appendix II are unaudited, and have been restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the Group’s consolidated financial statements. There is no assurance that if the comparatives of FY2017 had been audited or reviewed, there would be no change in such comparatives and that such changes would not be material. Consequently, such comparatives should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or a full review. Potential investors should exercise caution when using such data to evaluate the Group’s business, financial condition, results of operations and prospects or as a basis for any investment decision.

### **Non-FRS/Non-SFRS(I)/Non-IFRS Financial Measures**

EBITDA in this Information Memorandum refers to profit before tax, interest, depreciation and amortisation on property and equipment and intangible assets. Adjusted EBITDA in this Information Memorandum refers to EBITDA adjusted for one-off non-recurring expenses and impairment loss on non-current assets. EBITDA and Adjusted EBITDA as presented above are supplemental measures of the Group’s performance and are not required by or presented in accordance with FRS, SFRS(I) or IFRS. EBITDA and Adjusted EBITDA are not measurements of financial performance or liquidity under FRS, SFRS(I) or IFRS and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with FRS, SFRS(I) or IFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. EBITDA and Adjusted EBITDA are not standardised terms, hence may not be comparable to that of other companies that may determine EBITDA and Adjusted EBITDA differently. EBITDA and Adjusted EBITDA have limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the financial condition or results of operations of the Issuer and the Group as reported under FRS or SFRS(I). Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to invest in the growth of the Issuer’s and the Group’s business.

## FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group (including statements as to the Issuer’s and/or the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer and/or the Group, expected growth in the Issuer and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the discussion under the section “Risk Factors”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Securities by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the prospects, results of operations or general affairs of the Issuer, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

## DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

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| <b>“Adjusted EBITDA”</b>                     | : | EBITDA adjusted for one-off non-recurring expenses and impairment loss on non-current assets.   |
| <b>“Agency Agreement”</b>                    | : | The agency agreement dated 28 June 2019 made between (1) the Issuer, as issuer, (2) Deutsche Bank AG, Singapore Branch, as principal paying agent, CDP transfer agent and CDP registrar, (3) Deutsche Bank AG, Hong Kong Branch, as non-CDP paying agent, non-CDP transfer agent and non-CDP registrar, and (4) the Trustee, as trustee, as amended, restated or supplemented from time to time.  |
| <b>“Arranger”</b>                            | : | DBS Bank Ltd.   |
| <b>“Audit and Risk Management Committee”</b> | : | The audit and risk management committee of the Issuer.  |
| <b>“Bearer Securities”</b>                   | : | Securities in bearer form.  |
| <b>“Board”</b>                               | : | The board of Directors of the Group.  |
| <b>“Bursa Securities”</b>                    | : | Bursa Malaysia Securities Berhad.   |
| <b>“Business Day”</b>                        | : | In respect of each Security, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the relevant Paying Agent’s specified office, and (c) (if a payment is to be made on that day) (i) (in the case of Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Securities denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros, and (iii) (in the case of Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency. |
| <b>“CAGR”</b>                                | : | Compound annual growth rate.  |
| <b>“CAIA”</b>                                | : | Chartered Alternative Investment Analyst.   |
| <b>“CDP” or the “Depository”</b>             | : | The Central Depository (Pte) Limited.   |

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| <b>“CDP Registrar”</b>           | : | Deutsche Bank AG, Singapore Branch.   |
| <b>“Certificate”</b>             | : | A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the Conditions of the Notes or the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.   |
| <b>“CFA”</b>                     | : | Chartered Financial Analyst.  |
| <b>“Charged Property”</b>        | : | All the assets and property of the Issuer charged or assigned to the Notes Security Trustee under or pursuant to the Security Documents and the proceeds of realisation of any of the assets subject to the security interests created under the Security Documents.  |
| <b>“Clearstream, Luxembourg”</b> | : | Clearstream Banking S.A. and includes a reference to its successors and assignors.  |
| <b>“Companies Act”</b>           | : | The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.   |
| <b>“Conditions”</b>              | : | (i) In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and |



- (ii) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Perpetual Securities” as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.

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| <b>“Couponholders”</b>       | : | The holders of the Coupons.  |
| <b>“Coupons”</b>             | : | The bearer coupons appertaining to an interest or distribution bearing Bearer Security.  |
| <b>“Dealers”</b>             | : | Persons appointed as dealers under the Programme.  |
| <b>“Definitive Security”</b> | : | A definitive Bearer Security being substantially in the form set out in Part 1 of Schedule 1 to the Trust Deed or, as the case may be, Part I of Schedule 5 to the Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue. |
| <b>“Directors”</b>           | : | The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.   |
| <b>“EBITDA”</b>              | : | Profit before tax, interest, depreciation and amortisation on property and equipment and intangible assets.  |
| <b>“EURIBOR”</b>             | : | Euro Interbank Offered Rate.   |
| <b>“Euro”</b>                | : | The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.   |
| <b>“Euroclear”</b>           | : | Euroclear Bank SA/NV and includes a reference to its successors and assignors.   |
| <b>“Equity Policy”</b>       | : | The policies of the Ministry of Health, Malaysia on foreign equity participation in private healthcare facilities in Malaysia.   |



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| <b>“FRM”</b>                              | : | Financial Risk Manager.   |
| <b>“FY”</b>                               | : | Financial year ended or ending 31 December.   |
| <b>“Global Certificate”</b>               | : | A global Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) CDP, (ii) a common depository for Euroclear and/or Clearstream, Luxembourg and/or (iii) any other clearing system. |
| <b>“Global Security”</b>                  | : | A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or Talons.   |
| <b>“Group”</b>                            | : | The Issuer and its subsidiaries.  |
| <b>“HDB”</b>                              | : | Housing and Development Board.  |
| <b>“Healthcare Business”</b>              | : | The Issuer’s business of providing healthcare services.   |
| <b>“Investment Committee”</b>             | : | The investment committee of the Issuer.   |
| <b>“IRAS”</b>                             | : | Inland Revenue Authority of Singapore.  |
| <b>“Issue Documents”</b>                  | : | The Trust Deed, the Agency Agreement, the Depository Agreement, the Deed of Covenant and (if applicable) the Calculation Agency Agreement.  |
| <b>“Issuer” or “TMG”</b>                  | : | Thomson Medical Group Limited.  |
| <b>“ITA”</b>                              | : | Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.   |
| <b>“IUI”</b>                              | : | Intrauterine insemination.  |
| <b>“IVF”</b>                              | : | In vitro fertilisation.   |
| <b>“Latest Practicable Date” or “LPD”</b> | : | 24 June 2019.   |
| <b>“LIBOR”</b>                            | : | London Interbank Offered Rate.  |
| <b>“MAS”</b>                              | : | The Monetary Authority of Singapore.  |
| <b>“Medical Advisory Board”</b>           | : | The medical advisory board of Thomson Medical.  |
| <b>“Nominating Committee”</b>             | : | The nominating committee of the Issuer.   |
| <b>“Non-CDP Paying Agent”</b>             | : | Deutsche Bank AG, Hong Kong Branch.   |

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| <b>“Non-CDP Registrar”</b>                              | : | Deutsche Bank AG, Hong Kong Branch.   |
| <b>“Noteholders”</b>                                    | : | The holders of the Notes.   |
| <b>“Notes”</b>  | : | The notes issued or to be issued by the Issuer under the Programme.   |
| <b>“Notes Security Trustee”</b>                         | : | DB International Trust (Singapore) Limited.   |
| <b>“O&amp;G”</b>  | : | Obstetrics and gynaecology.   |
| <b>“Paying Agents”</b>                                  | : | The Principal Paying Agent and the Non-CDP Paying Agent, or such other or further institutions as may from time to time be appointed by the Issuer as paying agent for the Notes and Coupons.             |
| <b>“Permanent Global Security”</b>                      | : | A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security.                                |
| <b>“Perpetual Securities”</b>                           | : | The perpetual securities issued or to be issued by the Issuer under the Programme.  |
| <b>“Perpetual Securityholders”</b>                      | : | The holders of the Perpetual Securities.  |
| <b>“Pricing Supplement”</b>                             | : | In relation to any Tranche or Series, a pricing supplement supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series. |
| <b>“Principal Paying Agent”</b>                         | : | Deutsche Bank AG, Singapore Branch.   |
| <b>“Private Healthcare Facilities and Services Act”</b> | : | Private Healthcare Facilities and Services Act 1998 of Malaysia, as amended or modified from time to time.  |
| <b>“Programme”</b>                                      | : | The S\$500,000,000 Multicurrency Debt Issuance Programme of the Issuer.   |
| <b>“Programme Agreement”</b>                            | : | The programme agreement dated 28 June 2019 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., as dealer, as amended, varied or supplemented from time to time. |
| <b>“Relevant Account Bank”</b>                          | : | In relation to each Series of Notes, the bank with which the Relevant Interest Service Reserve Account for that Series of Notes is maintained.  |

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| <b>“Relevant Account Bank Agreement”</b>           | : | In relation to a Series of Notes, the account bank agreement to be entered into between (1) the Issuer, as issuer, (2) the Relevant Account Bank, as relevant account bank, (3) the Trustee, as trustee, and (4) the Notes Security Trustee, as security trustee.   |
| <b>“Relevant Account Charge”</b>                   | : | In relation to a Series of Notes, the charge over the Relevant Interest Service Reserve Account in respect of that Series of Notes to be entered into between (1) the Issuer, as chargor, and (2) the Notes Security Trustee, as security trustee.  |
| <b>“Relevant Interest Service Reserve Account”</b> | : | In relation to a Series of Notes, the interest service reserve account opened and maintained or to be opened and maintained by the Issuer with the Relevant Account Bank and into which moneys are deposited in accordance with the Relevant Account Charge, and any reference in the Transaction Documents to a Relevant Interest Service Reserve Account shall also include any other interest service reserve account or interest service reserve accounts which replace(s) or is/are a substitute for such Relevant Interest Service Reserve Account. |
| <b>“Relevant Secured Debt”</b>                     | : | In relation to a Series of Notes, all sums of whatever nature which are or at any time may be or become due from or owing by the Issuer to the Trustee, the Notes Security Trustee, the Noteholders and/or the Couponholders (or any of them) under or in connection with, or which the Issuer has covenanted to pay or discharge under or pursuant to, the Trust Deed relating to or in connection with such Series of Notes and/or any of the Relevant Security Documents.  |
| <b>“Relevant Security Documents”</b>               | : | In relation to a Series of Notes, the Relevant Account Bank Agreement, the Relevant Account Charge and any and every other document from time to time executed (whether by the Issuer or otherwise) to secure or otherwise assure the performance of the obligations of the Issuer under or in connection with the Trust Deed (only in respect of such Series of Notes), such Series of Notes, the Coupons and/or a Talon, as amended, varied or supplemented from time to time.  |
| <b>“Relevant Transaction Documents”</b>            | : | In relation to each Series of Securities, the Issue Documents and (if applicable to a Series of Notes) the Relevant Security Documents securing that Series of Notes.   |
| <b>“Remuneration Committee”</b>                    | : | The remuneration committee of the Issuer.   |
| <b>“RSP Group”</b>                                 | : | RSP Holdings Pte. Ltd. and its subsidiaries.  |

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| <b>“RTAC”</b>                              | : | Reproductive Technology Accreditation Committee of the Fertility Society of Australia.   |
| <b>“Securities”</b>                        | : | The Notes and the Perpetual Securities.  |
| <b>“Securities Act”</b>                    | : | Securities Act of 1933 of the United States, as amended or modified from time to time.   |
| <b>“Security Documents”</b>                | : | The Relevant Account Bank Agreements, the Relevant Account Charges and any and every other document from time to time executed (whether by the Issuer or otherwise) to secure or otherwise assure the performance of the obligations of the Issuer under or in connection with the Trust Deed, the Notes, the Coupons and Talons, as amended, varied or supplemented from time to time.  |
| <b>“Securityholders”</b>                   | : | The Noteholders and the Perpetual Securityholders.   |
| <b>“Senior Perpetual Securities”</b>       | : | Perpetual Securities which are expressed to rank as senior obligations of the Issuer.  |
| <b>“Series”</b>                            | : | (1) (in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than variable rate notes) interest or (in the case of Perpetual Securities) distribution and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest. |
| <b>“SFA”</b>                               | : | Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.  |
| <b>“SGX-ST”</b>                            | : | Singapore Exchange Securities Trading Limited.   |
| <b>“Shares”</b>                            | : | Ordinary shares in the capital of the Issuer.  |
| <b>“SIBOR”</b>                             | : | Singapore Interbank Offered Rate.  |
| <b>“Subordinated Perpetual Securities”</b> | : | Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer.  |
| <b>“subsidiary”</b>                        | : | Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act).   |
| <b>“Talons”</b>                            | : | Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the Conditions.  |

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| <b>“TARGET System”</b>             | : | The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.  |
| <b>“TCM”</b>                       | : | Traditional chinese medicine.   |
| <b>“THKD”</b>                      | : | Thomson Hospital Kota Damansara (formerly known as Tropicana Medical Centre).   |
| <b>“Temporary Global Security”</b> | : | A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue.   |
| <b>“Thomson Fertility Centre”</b>  | : | Thomson Fertility Centre Pte. Ltd.  |
| <b>“Thomson Medical”</b>           | : | Thomson Medical Pte. Ltd.   |
| <b>“TMCLS”</b>                     | : | TMC Life Sciences Berhad.   |
| <b>“Tranche”</b>                   | : | Securities which are identical in all respects (including as to listing).   |
| <b>“Transaction Documents”</b>     | : | The Issue Documents and the Security Documents.   |
| <b>“Trust Deed”</b>                | : | The trust deed dated 28 June 2019 made between (1) the Issuer, as issuer, (2) the Trustee, as trustee, and (3) the Notes Security Trustee, as security trustee, as amended, restated or supplemented from time to time. |
| <b>“Trustee”</b>                   | : | DB International Trust (Singapore) Limited.   |
| <b>“United States” or “U.S.”</b>   | : | United States of America.   |
| <b>“VBHC”</b>                      | : | Vantage Bay Healthcare City.  |
| <b>“S\$” and “cents”</b>           | : | Singapore dollars and cents respectively, the lawful currency of Singapore.   |
| <b>“Sterling Pound”</b>            | : | Pound Sterling, the lawful currency of the United Kingdom.  |
| <b>“%”</b>                         | : | Per cent.   |

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

## CORPORATE INFORMATION

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| Board of Directors   | : | Ng Ser Miang<br>Quek Hong Sheng Roy<br>Wilson Sam<br>Heng Kim Chuan Freddie<br>Lim Wee Kiat<br>Ong Pang Liang<br>Lam Lee G |
| Company Secretaries  | : | Foo Soon Soo<br>Lim Hoi Leong  |
| Registered Office  | : | 101 Thomson Road<br>#20-04/05 United Square<br>Singapore 307591  |
| Independent Auditor to the Issuer  | : | Ernst & Young LLP<br>North Tower Level 18<br>One Raffles Quay<br>Singapore 048583  |
| Arranger and Dealer of the Programme   | : | DBS Bank Ltd.<br>12 Marina Boulevard, Level 42<br>Marina Bay Financial Centre Tower 3<br>Singapore 018982                  |
| Legal Advisers to the Arranger   | : | Allen & Gledhill LLP<br>One Marina Boulevard #28-00<br>Singapore 018989  |
| Legal Advisers to the Issuer   | : | WongPartnership LLP<br>12 Marina Boulevard, Level 28<br>Marina Bay Financial Centre Tower 3<br>Singapore 018982            |
| Legal Advisers to the Trustee, the Notes Security Trustee, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar and the Non-CDP Registrar | : | Allen & Gledhill LLP<br>One Marina Boulevard #28-00<br>Singapore 018989  |
| Principal Paying Agent and CDP Registrar   | : | Deutsche Bank AG, Singapore Branch<br>One Raffles Quay<br>#16-00 South Tower<br>Singapore 048583                           |
| Non-CDP Paying Agent and Non-CDP Registrar   | : | Deutsche Bank AG, Hong Kong Branch<br>Level 52, International Commerce Centre<br>1 Austin Road West, Kowloon<br>Hong Kong  |
| Trustee for the Securityholders and Notes Security Trustee for the Noteholders   | : | DB International Trust (Singapore) Limited<br>One Raffles Quay<br>#16-00 South Tower<br>Singapore 048583                   |

## SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

|                                    |   |  |
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| Issuer                             | : | Thomson Medical Group Limited.   |
| Arranger                           | : | DBS Bank Ltd.  |
| Dealers                            | : | DBS Bank Ltd. and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.  |
| Trustee and Notes Security Trustee | : | DB International Trust (Singapore) Limited.  |
| Principal Paying Agent             | : | Deutsche Bank AG, Singapore Branch.  |
| Non-CDP Paying Agent               | : | Deutsche Bank AG, Hong Kong Branch.  |
| Description                        | : | S\$500,000,000 Multicurrency Debt Issuance Programme.  |
| Programme Size                     | : | The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$500,000,000 (or its equivalent in other currencies) or such higher amount as may be increased pursuant to the Programme Agreement.  |
| Purpose                            | : | The net proceeds arising from the issue of the Securities under the Programme (after deducting issue expenses) will be used for general corporate purposes of the Group, including refinancing of borrowings, financing potential acquisitions, strategic expansions, general working capital, capital expenditure and other investments of the Group or such purposes as may be specified in the relevant Pricing Supplement. |



Non-Disposal Covenant : The Issuer has covenanted with each of the Trustee and the Notes Security Trustee in the Trust Deed that so long as any of the Securities or any part of the Relevant Secured Debt remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries (as defined in the Trust Deed) will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Clause 20.1.28 of the Trust Deed, is substantial in relation to the assets of the Group, taken as a whole, or the disposal of which (either alone or when so aggregated) could have a material adverse effect on it. The following disposals shall not be taken into account under Clause 20.1.28 of the Trust Deed:

- (i) any disposal made in the ordinary course of business on normal commercial terms and on an arm's length basis;
- (ii) any disposal of assets which are obsolete, excess or no longer required for the purposes of its business;
- (iii) any disposal of assets in exchange for other assets which are comparable or superior as to nature, value and quality;
- (iv) any payment of cash as consideration for the acquisition of any asset on normal commercial terms and on an arm's length basis;
- (v) any disposal of assets from one Principal Subsidiary to (1) the Issuer, (2) another Principal Subsidiary or (3) a subsidiary of the Issuer provided that such subsidiary becomes a Principal Subsidiary after such transfer;
- (vi) any disposal of assets to any real estate investment trust, business trust, property fund or any other entity in connection with a listing of such vehicle provided that the Issuer will at all times following such disposal own (whether directly and/or indirectly) in aggregate at least 20 per cent. of the shares, units or, as the case may be, interest of such real estate investment trust, business trust, property fund or entity;
- (vii) any disposal of the ordinary shares of TMCLS subject to TMCLS remaining a subsidiary of the Issuer following such disposal;

(viii) any disposal of the piece of land (in whole or in part) held under the issue document of title known as HSD 523549, Lot PTB 24076, Daerah Johor Bahru, Bandar Johor Bahru, Negeri Johor; and

(ix) any disposal approved by the Securityholders by way of an Extraordinary Resolution.

## **NOTES**

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| Currency             | : | Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).   |
| Method of Issue      | : | Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The minimum issue size for each Series shall be agreed between the Issuer and the relevant Dealer(s). The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.   |
| Issue Price          | : | Notes may be issued at par or at a discount, or premium, to par.   |
| Tenor                | : | Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).  |
| Mandatory Redemption | : | Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.   |
| Interest Basis       | : | Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.  |
| Fixed Rate Notes     | : | Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.  |
| Floating Rate Notes  | : | Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. |

Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).

- Variable Rate Notes : Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
- Hybrid Notes : Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
- Zero Coupon Notes : Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
- Form and Denomination of Notes : The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Notes upon the terms therein.

Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.

Custody of the Notes : Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream, Luxembourg.

Status of the Notes : The Notes and Coupons will constitute direct, unconditional and unsubordinated obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and at least *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer. If the Relevant Account Charge is specified as being applicable in the relevant Pricing Supplement, the Notes and the Coupons shall be secured by the Relevant Security Documents.

Security : The Issuer's obligations under each Series of Notes, the Coupons and the Talons relating to such Series of Notes and the Trust Deed (only in respect of such Series of Notes) may be secured by the Relevant Security Documents.

Each Series of Notes may be secured by the Relevant Interest Service Reserve Account. Under the terms of each Relevant Account Charge, it is expected that an amount equivalent to at least six months of coupon payments will be deposited and maintained in the Relevant Interest Service Reserve Account for the purpose of each Series of Notes.

Optional Redemption and Purchase : If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.

Redemption upon Cessation or Suspension of Trading of Shares at the option of Noteholders : In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than 10 market days, the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date.

For the purposes of this paragraph:

- (1) “**Effective Date**” means (in the case of (i) above) the date of cessation of trading or (in the case of (ii) above) the business day immediately following the expiry of such continuous period of 10 market days; and
- (2) “**market day**” means a day on which the SGX-ST is open for securities trading.

Redemption for Taxation Reasons : If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(j) of the Notes) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Notes, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Redemption in the case of Minimal Outstanding Amount : If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Negative Pledge : The Issuer has covenanted with each of the Trustee and the Notes Security Trustee in the Trust Deed that so long as any of the Notes, Coupons or any part of the Relevant Secured Debt remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries (other than TMC Life Sciences Berhad ("**TMCLS**")) will, create or have outstanding any security upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, (1) other than any security created pursuant to any of the Security Documents, or (2) unless at the same time or prior thereto the Notes and the Coupons are accorded (A) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (B) such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of this paragraph, "**Relevant Indebtedness**" means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

If the Relevant Account Charge is specified as being applicable in the relevant Pricing Supplement, the Issuer shall further covenant with each of the Trustee and the Notes Security Trustee in the Trust Deed that so long as any of the Notes or any part of the Relevant Secured Debt remains outstanding, it will not create or have outstanding any security over the Relevant Charged Property (as defined in the Trust Deed), other than:

- (1) any security constituted by or arising pursuant to or contemplated by the terms of the Trust Deed and the Relevant Security Documents; and
- (2) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

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| Financial Covenants  | : | <p>The Issuer has covenanted with each of the Trustee and the Notes Security Trustee in the Trust Deed that so long as any of the Notes or any part of the Relevant Secured Debt remains outstanding, it will ensure that:</p> <p>(i) the Consolidated Total Equity shall not at any time be less than S\$450,000,000; and</p> <p>(ii) the ratio of Consolidated Net Debt to Consolidated Total Equity shall not at any time be more than 1.5:1.</p> <p>Terms used in this paragraph have the meaning ascribed to them in the Conditions.</p>  |
| Events of Default    | : | See Condition 10 of the Notes.   |
| Taxation             | : | <p>All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on “Taxation – Singapore taxation” herein.</p> |
| Listing              | : | <p>Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.</p> <p>If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).</p>  |
| Selling Restrictions | : | <p>For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on “Subscription, Purchase and Distribution” herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.</p>   |
| Governing Law        | : | <p>The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.</p>  |



## **PERPETUAL SECURITIES**

- Currency : Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
- Method of Issue : Perpetual Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The minimum issue size for each Series shall be agreed between the Issuer and the relevant Dealer(s). The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
- Issue Price : Perpetual Securities may be issued at par or at a discount, or premium, to par.
- No Fixed Maturity : The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the Conditions of the Perpetual Securities.
- Distribution Basis : Perpetual Securities may confer a right to receive distribution at fixed or floating rates.
- Fixed Rate Perpetual Securities : Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
- Floating Rate Perpetual Securities : Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
- Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).

Distribution Discretion : If Optional Payment is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in Condition 4(II)(a) of the Perpetual Securities) by giving notice to the Trustee, the Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred:

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer's Junior Obligations (as defined in Condition 4(IV)(a)(A) of the Perpetual Securities) or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations (as defined in Condition 4(IV)(a)(B) of the Perpetual Securities); or
- (ii) any of the Issuer's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group, (2) as a result of the exchange or conversion of Parity Obligations of the Issuer for Junior Obligations of the Issuer and/or (3) as otherwise specified in the applicable Pricing Supplement.

Non-Cumulative Deferral  
and Cumulative Deferral

: If Non-Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid (“**Optional Distribution**”) (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities.

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

If Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the notice requirement in Condition 4(IV)(e) of the Perpetual Securities applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(IV) of the Perpetual Securities except that Condition 4(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

If Additional Distribution is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to Condition 4 of the Perpetual Securities and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the provisions of Condition 4 of the Perpetual Securities. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

Restrictions in the case of Non-Payment : If Dividend Stopper is so provided on the face of the Perpetual Security and the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Issuer shall not and shall procure that none of its subsidiaries shall:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group, (2) as a result of the exchange or conversion of Parity Obligations of the Issuer for Junior Obligations of the Issuer and/or (3) as otherwise specified in the applicable Pricing Supplement, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

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| Form and Denomination of Perpetual Securities   | : | <p>The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Perpetual Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Perpetual Securities upon the terms therein. Each Tranche or Series of registered Perpetual Securities will initially be represented by a Global Certificate.</p> <p>Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Perpetual Securities, a Certificate shall be issued in respect of each Perpetual Securityholder's entire holding of registered Perpetual Securities of one Series.</p> |
| Custody of the Perpetual Securities             | : | <p>Perpetual Securities which are to be listed on the SGX-ST may be cleared through CDP. Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream, Luxembourg.</p>   |
| Status of the Senior Perpetual Securities       | : | <p>The Senior Perpetual Securities and Coupons relating to them will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i>, without any preference or priority among themselves, and <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.</p>  |
| Status of the Subordinated Perpetual Securities | : | <p>The Subordinated Perpetual Securities and Coupons relating to them will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i>, without any preference or priority among themselves, and <i>pari passu</i> with any Parity Obligations (as defined in Condition 3(b)(i) of the Perpetual Securities) of the Issuer.</p>  |

- Subordination of the Subordinated Perpetual Securities : Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-up (as defined in Condition 9(b) of the Perpetual Securities) of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of, and distribution and any other amounts in respect of, the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.
- Set-off in relation to the Subordinated Perpetual Securities : Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-up or judicial management, the liquidator or, as appropriate, judicial manager of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, judicial manager of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.
- Redemption at the Option of the Issuer : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) (if any) to (but excluding) the date fixed for redemption.

Redemption for Taxation Reasons : If so provided on the face of the Perpetual Securities and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) (if any) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

(a) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

(b) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

(ii) (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and

(b) such obligations cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.



- Redemption for Accounting Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) (if any) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or at any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council (as amended from time to time, the "**SFRS(I)**") or any other accounting standards that may replace SFRS(I) for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.
- Redemption for Tax Deductibility : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) (if any) accrued to (but excluding) the date fixed for redemption) if:
- (i) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
    - (a) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;
    - (b) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or
    - (c) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

the distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Arrears of Distribution and any Additional Distribution Amount) would not be regarded as such sums; or

- (ii) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA.

Redemption in the case of Minimal Outstanding Amount : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) (if any) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Redemption upon Cessation or Suspension of Trading of Shares : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) (if any) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Cessation/Suspension of Trading Event.

For the purposes of the above paragraph:

- (1) a “**Cessation/Suspension of Trading Event**” occurs when (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than 10 market days; and
- (2) “**market day**” means a day on which the SGX-ST is open for securities trading.

|  |   |  |
|--|---|--|
| Limited right to institute proceedings in relation to Perpetual Securities | : | The right to institute proceedings for Winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.  |
| Proceedings for Winding-Up   | : | If (i) a final and effective order is made or an effective resolution is passed for the Winding-up of the Issuer, (ii) the Issuer fails to make payment of any principal payable by it under any of the Perpetual Securities when due or (iii) the Issuer fails to make payment of any distribution or any other amount payable by it under any of the Perpetual Securities (other than principal) for a period of three business days after the date on which such payment is due (each an “ <b>Enforcement Event</b> ”), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the Winding-up of the Issuer and/or prove in the Winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment. |
| Taxation   | : | All payments in respect of the Perpetual Securities and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on “Taxation – Singapore taxation” herein.   |

- Listing : Each Series of the Perpetual Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.
- If the application to the SGX-ST to list a particular Series of Perpetual Securities is approved, for so long as such Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such Perpetual Securities will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).
- Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of Perpetual Securities and the distribution of offering material relating to the Perpetual Securities, see the section on “Subscription, Purchase and Distribution” herein. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities.
- Governing Law : The Programme and any Perpetual Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form (if any) issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to “Notes” are to the Notes of one Series only, and not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.*

The Notes are constituted and secured by a Trust Deed (as amended, restated or supplemented from time to time, the “**Trust Deed**”) dated 28 June 2019 made between (1) Thomson Medical Group Limited (the “**Issuer**”), as issuer, (2) DB International Trust (Singapore) Limited, as trustee for the Securityholders (as defined in the Trust Deed) (in such capacity, the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed) and (3) DB International Trust (Singapore) Limited, as security trustee for the Noteholders (as defined below) (in such capacity, the “**Notes Security Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the security trustee or security trustees of the Trust Deed), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended or supplemented from time to time, the “**Deed of Covenant**”) dated 28 June 2019, relating to the Notes cleared or to be cleared through the CDP System (as defined in the Trust Deed) (“**CDP Notes**”) executed by the Issuer. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement (as amended, restated or supplemented from time to time, the “**Agency Agreement**”) dated 28 June 2019 made between (1) the Issuer, as issuer, (2) Deutsche Bank AG, Singapore Branch, as principal paying agent in respect of CDP Notes (in such capacity, the “**Principal Paying Agent**”) and registrar and transfer agent in respect of CDP Notes (in such capacity, the “**CDP Registrar**”), (3) Deutsche Bank AG, Hong Kong Branch, as paying agent in respect of Notes cleared or to be cleared through a clearing system other than the CDP System (“**Non-CDP Notes**”) (in such capacity, the “**Non-CDP Paying Agent**” and, together with the Principal Paying Agent and any other paying agents that may be appointed, the “**Paying Agents**”) and registrar and transfer agent in respect of Non-CDP Notes (in such capacity, the “**Non-CDP Registrar**” and, together with the CDP Registrar and any other transfer agents that may be appointed, the “**Transfer Agents**”), and (4) the Trustee, as trustee for the Securityholders. The Noteholders and the holders (the “**Couponholders**”) of the coupons (the “**Coupons**”) appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement (as defined in the Trust Deed), the Relevant Security Documents (as defined in the Trust Deed) (if applicable) and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Principal Paying Agent shall, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Paying Agent, and (b) the Registrar shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Registrar and (unless the context otherwise requires) all such references shall be construed accordingly. Copies of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement, the Relevant Security Documents and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective specified offices of the Paying Agents for the time being.

## 1. Form, Denomination and Title

### (a) Form and Denomination

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), in each case in the Denomination Amount shown hereon. Subject to applicable laws, in the case of Registered Notes, such Notes are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.
- (iv) Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

### (b) Title

- (i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof, trust, interest therein or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below), and such Global Security or Global Certificate is held by a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (the “**Depository**”) and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depository and/or any such other clearing system as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent (as defined below), all other agents of the Issuer, the Trustee and the Notes Security Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person



whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent, all other agents of the Issuer, the Trustee and the Notes Security Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), “**Series**” means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (aa) expressed to be consolidated and forming a single series and (bb) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “**Tranche**” means Notes which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## 2. No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.



- (c) **Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes:** In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Notes and registrations and issues of Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of such tax or governmental charges.
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

### 3. Status

The Notes and Coupons constitute direct, unconditional and unsubordinated obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and at least *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer. If the Relevant Account Charge (as defined in the Trust Deed) is specified as being applicable in the relevant Pricing Supplement, the Notes and the Coupons shall be secured by the Relevant Security Documents (as defined in the Trust Deed).

#### 4. Negative Pledge, Financial Covenants and Other Covenants

##### (a) Negative Pledge

- (i) The Issuer has covenanted with each of the Trustee and the Notes Security Trustee in the Trust Deed that so long as any of the Notes, Coupons or any part of the Relevant Secured Debt (as defined in the Trust Deed) remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries (as defined below) (other than TMC Life Sciences Berhad (“**TMCLS**”)) will, create or have outstanding any security upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, (1) other than any security created pursuant to any of the Security Documents (as defined in the Trust Deed), or (2) unless at the same time or prior thereto the Notes and the Coupons are accorded (A) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (B) such other security or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of this Condition 4(a), “**Relevant Indebtedness**” means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

- (ii) If the Relevant Account Charge is specified as being applicable in the relevant Pricing Supplement, the Issuer shall further covenant with each of the Trustee and the Notes Security Trustee in the Trust Deed that so long as any of the Notes or any part of the Relevant Secured Debt remains outstanding, it will not create or have outstanding any security over the Relevant Charged Property (as defined in the Trust Deed), other than:
  - (1) any security constituted by or arising pursuant to or contemplated by the terms of the Trust Deed and the Relevant Security Documents; and
  - (2) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

##### (b) Financial Covenants

The Issuer has further covenanted with each of the Trustee and the Notes Security Trustee in the Trust Deed that so long as any of the Notes or any part of the Relevant Secured Debt remains outstanding, it will ensure that:

- (i) the Consolidated Total Equity shall not at any time be less than S\$450,000,000; and
- (ii) the ratio of Consolidated Net Debt to Consolidated Total Equity shall not at any time be more than 1.5:1.

For the purposes of these Conditions:

- (1) “**Consolidated Net Debt**” means Consolidated Total Debt less cash and short-term deposits balances;

- (2) **“Consolidated Total Debt”** means an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:
- (a) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months of the Group;
  - (b) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
  - (c) the liabilities of the Issuer under this Trust Deed or the Notes;
  - (d) all other indebtedness whatsoever of the Group for borrowed moneys; and
  - (e) any redeemable preference shares issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group; and

- (3) **“Consolidated Total Equity”** means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

- (a) the amount paid up or credited as paid up on the issued share capital of the Issuer;
- (b) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund, revaluation reserves and profit and loss account) of the Group on a consolidated basis; and
- (c) the amount reflected as non-controlling interests of the Group on a consolidated basis,

all as shown in the then latest audited consolidated balance sheet of the Group but after:

- (1) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraphs (a) and (b) above of the Group since the date of the latest audited consolidated balance sheet of the Group;
- (2) excluding any sums set aside for future taxation; and
- (3) deducting:
  - (aa) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group; and
  - (bb) any debit balances on consolidated profit and loss account.

For the avoidance of doubt, for the purposes of these definitions, any Perpetual Securities issued by the Issuer or any other member of the Group which are accounted for as “equity” shall be treated as such (and not as debt).

**(c) Non-Disposal Covenant**

The Issuer has further covenanted with each of the Trustee and the Notes Security Trustee in the Trust Deed that so long as any of the Notes or any part of the Relevant Secured Debt remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under this Condition 4(c), is substantial in relation to the assets of the Group, taken as a whole, or the disposal of which (either alone or when so aggregated) could have a material adverse effect on it. The following disposals shall not be taken into account under this Condition 4(c):

- (i) any disposal made in the ordinary course of business on normal commercial terms and on an arm's length basis;
- (ii) any disposal of assets which are obsolete, excess or no longer required for the purposes of its business;
- (iii) any disposal of assets in exchange for other assets which are comparable or superior as to nature, value and quality;
- (iv) any payment of cash as consideration for the acquisition of any asset on normal commercial terms and on an arm's length basis;
- (v) any disposal of assets from one Principal Subsidiary to (1) the Issuer, (2) another Principal Subsidiary or (3) a subsidiary of the Issuer provided that such subsidiary becomes a Principal Subsidiary after such transfer;
- (vi) any disposal of assets to any real estate investment trust, business trust, property fund or any other entity in connection with a listing of such vehicle provided that the Issuer will at all times following such disposal own (whether directly and/or indirectly) in aggregate at least 20 per cent. of the shares, units or, as the case may be, interest of such real estate investment trust, business trust, property fund or entity;
- (vii) any disposal of the ordinary shares of TMCLS subject to TMCLS remaining a subsidiary of the Issuer following such disposal;
- (viii) any disposal of the piece of land (in whole or in part) held under the issue document of title known as HSD 523549, Lot PTB 24076, Daerah Johor Bahru, Bandar Johor Bahru, Negeri Johor; and
- (ix) any disposal approved by the Noteholders by way of an Extraordinary Resolution.

For the purposes of the Trust Deed and these Conditions,

- (1) **"Principal Subsidiaries"** means, at any particular time, any subsidiary of the Issuer:
  - (aa) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 20 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or

(bb) whose total revenue, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 20 per cent. of the total revenue of the Group as shown by such audited consolidated accounts,

provided that if any such subsidiary (the “**transferor**”) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary of the Issuer (the “**transferee**”) then:

- (I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and
- (II) if any part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the earlier of (x) the date of issue of the first audited consolidated accounts of the Group prepared as of a date later than the date of the relevant transfer which show the total assets, or (as the case may be) total revenue as shown by the accounts of such subsidiary (consolidated (if any) in the case of a subsidiary which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 20 per cent. of the total assets, or, as the case may be, 20 per cent. of the total revenue of the Group, as shown by such audited consolidated accounts, or (y) the date of a report by the Auditors (as defined in the Trust Deed) as described below dated on or after the date of the relevant transfer which shows the total assets, or (as the case may be) total revenue of such subsidiary to be less than 20 per cent. of the total assets or, as the case may be, 20 per cent. of the total revenue, of the Group. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

- (2) “**subsidiary**” has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

## 5. (I) **Interest on Fixed Rate Notes**

### (a) **Interest Rate and Accrual**

Each Fixed Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date (as defined in Condition 5(II)(d)) in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to (but excluding) the Relevant Date (as defined in Condition 8).

**(b) Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction (as defined in Condition 5(II)(d)) shown on the face of the Note. The amount of interest payable per Calculation Amount (as defined in Condition 5(II)(d)) for any Fixed Rate Interest Period (as defined below) in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency (as defined in Condition 5(II)(d)).

For the purposes of these Conditions, “**Fixed Rate Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**(II) Interest on Floating Rate Notes or Variable Rate Notes**

**(a) Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) on the face of the Note (the “**Specified Number of Months**”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention



specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an “**Interest Period**”.

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(II) to (but excluding) the Relevant Date.

**(b) Rate of Interest – Floating Rate Notes**

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The “**Spread**” is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the “**Rate of Interest**”.

- (ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:

- (1) in the case of Floating Rate Notes which are SIBOR Notes:

- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen



ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);

- (B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;
  - (C) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
  - (D) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption “SGD SOR rates as of 11:00 hrs London Time” and under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

- (B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and
  - (C) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and
- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate Notes is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
    - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
    - (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

- (B) if the Primary Source for the Floating Rate Notes is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and
- (C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

- (iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.
- (iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

**(c) Rate of Interest – Variable Rate Notes**

- (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.
- (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:
  - (1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
    - (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
    - (B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant

Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

- (C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
- (2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The Issuer has undertaken to the Principal Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined, but not later than 10.30 a.m. (Singapore time) on the next following business day:
- (1) notify the Principal Paying Agent, the Non-CDP Paying Agent (if applicable) and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
- (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Principal Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “**Fall Back Rate**”) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The “**Spread**” is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5(II)(b)(ii) above (*mutatis mutandis*) and references therein to “**Rate of Interest**” shall mean “**Fall Back Rate**”.

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

**(d) Definitions**

As used in these Conditions:

“**Benchmark**” means the rate specified as such in the applicable Pricing Supplement;

“**business day**” means, in respect of each Note, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and/or the Depository, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the relevant Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (3) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and in the principal financial centre for that currency;

“**Calculation Agent**” means, in relation to any Series of Notes, the person appointed as the calculation agent pursuant to the terms of the Agency Agreement or, as the case may be, the Calculation Agency Agreement as specified in the applicable Pricing Supplement;

“**Calculation Amount**” means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with Condition 5:

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period

or, as the case may be, Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);

- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360;
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365; and
- (iv) if “30/360” is specified in the applicable Pricing Supplement, the number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Fixed Rate Interest Period or, as the case may be, the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

“**Euro**” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;



**“Interest Commencement Date”** means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

**“Interest Determination Date”** means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

**“Primary Source”** means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Calculation Agent;

**“Reference Banks”** means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Calculation Agent (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

**“Relevant Currency”** means the currency in which the Notes are denominated;

**“Relevant Dealer”** means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement specified in the Pricing Supplement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

**“Relevant Financial Centre”** means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

**“Relevant Rate”** means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

**“Relevant Time”** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

**“Screen Page”** means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.



### **(III) Interest on Hybrid Notes**

#### **(a) Interest Rate and Accrual**

Each Hybrid Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

#### **(b) Fixed Rate Period**

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to (but excluding) the Relevant Date.
- (iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of such Hybrid Note during the Fixed Rate Period.

#### **(c) Floating Rate Period**

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that

is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

- (ii) The period beginning on (and including) the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an “**Interest Period**”.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from (and including) the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to (but excluding) the Relevant Date.
- (iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

#### **(IV) Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(j)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(j)).

#### **(V) Calculations**

##### **(a) Determination of Rate of Interest and Calculation of Interest Amounts**

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

**(b) Notification**

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Principal Paying Agent, the Trustee, the Notes Security Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination. In the case of Variable Rate Notes, if so required by the Issuer having given reasonable notice in writing and at the Issuer's expense, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as reasonably practicable after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

**(c) Determination or Calculation by the Trustee**

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances, and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

**(d) Calculation Agent and Reference Banks**

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

## **6. Redemption and Purchase**

### **(a) Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

### **(b) Purchase at the Option of the Issuer**

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Principal Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

### **(c) Purchase at the Option of the Noteholders**

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes or Certificates representing such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Principal Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

- (ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Principal Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

**(d) Redemption at the Option of the Issuer**

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued (if any) to (but excluding) the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any notice of redemption of such Notes.

**(e) Redemption at the Option of the Noteholders**

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued (if any) to (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.



**(f) Redemption for Taxation Reasons**

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(j) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(f), the Issuer shall deliver to the Trustee a certificate signed by one Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal, tax or any other professional advisers of recognised standing, which shall be addressed to the Trustee, to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change, amendment, interpretation or pronouncement.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent to the right of the Issuer so to redeem has occurred, in which event it shall be conclusive and binding on the Noteholders.

**(g) Redemption upon Cessation or Suspension of Trading of Shares**

In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than 10 market days, the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date (as defined below). The Issuer shall within seven days after the Effective Date, give written notice to the Trustee, the Principal Paying Agent and the Noteholders of the occurrence of the event specified in this paragraph (g) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with an Exercise Notice in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent or the Issuer (as applicable) no later than 21 days after the Effective Date. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 6(g):

- (1) “**Effective Date**” means (in the case of (i) above) the date of cessation of trading or (in the case of (ii) above) the business day immediately following the expiry of such continuous period of 10 market days; and
- (2) “**market day**” means a day on which the SGX-ST is open for securities trading.

**(h) Redemption in the case of Minimal Outstanding Amount**

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

**(i) Purchases**

The Issuer and/or any of its related corporations may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives. The Notes so purchased, while held by or on behalf of the Issuer and/or any of its related corporations shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

Notes purchased by the Issuer or any of its related corporations may be surrendered by the purchaser through the Issuer to, in the case of Bearer Notes, the Principal Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Issuer or, as the case may be, the relevant related corporation be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

**(j) Early Redemption of Zero Coupon Notes**

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.



- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

#### **(k) Cancellation**

All Notes purchased by or on behalf of the Issuer and/or any of its related corporations may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Principal Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

### **7. Payments**

#### **(a) Principal and Interest in respect of Bearer Notes**

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

#### **(b) Principal and Interest in respect of Registered Notes**

- (i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).
- (ii) Interest on Registered Notes shall be paid to the person shown as the holder thereof on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

**(c) Payments subject to law etc.**

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

**(d) Appointment of Agents**

The Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Calculation Agent and to appoint additional or other Paying Agents, Transfer Agents and Calculation Agents; provided that it will at all times maintain (i) a Principal Paying Agent having a specified office in Singapore and (in the case of Non-CDP Notes) a Non-CDP Paying Agent, as the case may be, (ii) a Registrar in relation to Registered Notes and (iii) a Calculation Agent where the Conditions so require.

Notice of any such change of appointment or any change of any specified office will be given by the Issuer to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Note or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee materially and adversely affect the interests of the holders of the Notes or the Coupons.

**(e) Unmatured Coupons and Unexchanged Talons**

- (i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unexpired Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unexpired Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

**(f) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

**(g) Non-business days**

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

**(h) Default Interest**

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Principal Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Principal Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

## 8. Taxation

All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by, or on behalf of, a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

For the avoidance of doubt, neither the Issuer nor any other person shall be required to pay any additional amounts or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law, regulation or directive implementing such an intergovernmental agreement).

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relevant Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**interest**” and/or “**Early Redemption Amounts**” shall be deemed to include any additional amounts which may be payable under these Conditions.

## 9. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

## 10. Events of Default

If any of the following events (“**Events of Default**”) occurs the Trustee at its discretion may (but is not obliged to), and if so requested in writing by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

- (a) the Issuer does not pay (i) any principal payable by it under any of the Notes or the Relevant Transaction Documents (as defined in the Trust Deed) when due at the place at and in the currency in which it is expressed to be payable or (ii) any interest or any other sum (other than principal) payable by it under any of the Notes or the Relevant Transaction Documents at the place at and in the currency in which it is expressed to be payable when due and such default continues for a period of three business days after the due date;
- (b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Relevant Transaction Documents or any of the Notes and if that default is capable of remedy, it is not remedied within 30 days of the Trustee giving notice to the Issuer requiring the same to be remedied;
- (c) any representation, warranty or statement by the Issuer in any of the Relevant Transaction Documents or any of the Notes or in any document delivered under any of the Relevant Transaction Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and if the circumstances resulting in such non-compliance or incorrectness is capable of remedy, it is not remedied within 30 days of the Trustee giving notice to the Issuer requiring the same to be remedied;
- (d) (i) any other indebtedness of the Issuer or any of the Principal Subsidiaries in respect of borrowed moneys is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any default, event of default or the like (however described) or is not paid when due (taking into account any originally applicable grace period specified in any agreement relating to that indebtedness); or  
(ii) the Issuer or any of the Principal Subsidiaries fails to pay when properly called upon to do so, any amount payable by it under any guarantee of indebtedness for borrowed moneys,

provided however that no Event of Default will occur under this paragraph (d)(i) or (d)(ii) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned in this paragraph (d)(i) or (d)(ii) has or have occurred equals or exceeds S\$15,000,000 (or its equivalent in the currency in which it is expressed to be payable);

- (e) the Issuer or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any material part of (or of a particular type

of) its indebtedness (or of any part which it will otherwise be unable to pay when due), applies for a moratorium in respect of or affecting all or any material part of its indebtedness or proposes or makes a general assignment or an arrangement or composition with or for the benefit of creditors (or any class of them) or a moratorium is agreed, effected, declared or otherwise arises by operation of law in respect of or affecting all or any material part of (or of a particular type of) the indebtedness or (pursuant to an order of court that is issued in connection with a compromise or an arrangement proposed or intended to be proposed between the Issuer or any of its Principal Subsidiaries and its creditors or any class of those creditors) property of the Issuer or any of the Principal Subsidiaries;

- (f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of the Principal Subsidiaries and is not discharged or stayed within 21 days;
- (g) any security on or over the whole or any material part of the property or assets of the Issuer or any of the Principal Subsidiaries becomes enforceable;
- (h) any meeting is convened or any petition or originating summons is presented or any order is made or any resolution is passed or any other procedure or proceeding is taken for the winding-up or dissolution of the Issuer or any of the Principal Subsidiaries (except (i) for the purposes of a reconstruction, amalgamation, merger, consolidation or reorganisation on terms approved by an Extraordinary Resolution of the Noteholders, (ii) in the case of a Principal Subsidiary only, where such winding-up does not involve insolvency and would not have a material adverse effect on the Issuer or (iii) in the case of the Issuer only, for a reconstruction, amalgamation, merger, consolidation or reorganisation (1) which is made on solvent terms, (2) where the Issuer remains a surviving entity and (3) which would not have a material adverse effect on the Issuer) or any step, corporate action or legal proceeding is taken by any person for the appointment of a liquidator, receiver, manager, judicial manager, trustee, administrator, agent or similar officer (in each case, including any provisional, interim or temporary officer or appointee) of the Issuer or any of the Principal Subsidiaries or over the whole or any material part of the property or assets of the Issuer or any of its Principal Subsidiaries;
- (i) the Issuer or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or any material part of its business (except (i) for the purposes of a reconstruction, amalgamation, merger, consolidation or reorganisation on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Principal Subsidiary only, where such cessation does not involve insolvency and would not have a material adverse effect on the Issuer) or (except as permitted by, and in accordance with, Clause 20.1.28 of the Trust Deed) disposes or threatens to dispose of the whole or any material part of its property or assets;
- (j) any step is taken by any person acting under the authority of any national, regional or local governmental authority or agency with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of the Issuer or any of its subsidiaries which has or is likely to have a material adverse effect on the Issuer;



- (k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 19.4 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);
- (l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Relevant Transaction Documents or any of the Notes;
- (m) any of the Relevant Transaction Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;
- (n) any litigation, arbitration or administrative proceeding against the Issuer or any of the Principal Subsidiaries (other than those of a frivolous or vexatious nature which are discharged within 45 days of its commencement) is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Relevant Transaction Documents or any of the Notes or (ii) which has or is likely to have a material adverse effect on the Issuer;
- (o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j);
- (p) the security created by any of the Relevant Security Documents (if any) ceases for any reason to apply to the moneys or obligations secured thereby or any of the Relevant Security Documents (if any) is in jeopardy; and
- (q) the Issuer or any of its subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

## **11. Enforcement of Rights**

### **(a) Enforcement of Rights by Trustee**

At any time after an Event of Default shall have occurred or after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes (together with accrued interest) or to enforce the provisions of the Relevant Transaction Documents, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

### **(b) Enforcement of Rights by Notes Security Trustee**

At any time after the security created by the Relevant Security Documents (if any) shall have become enforceable, the Notes Security Trustee may, at its discretion and shall, (subject to the provisions of this Condition 11(b)) upon the request in writing by the holders of not less than 25 per cent. in principal amount of the Notes outstanding or if so directed by an



Extraordinary Resolution, without any further consent of or demand upon or notice to the Noteholders or the Issuer, and without being responsible for any loss or damage which may arise or be occasioned thereby:

- (i) enter upon or take possession of the Relevant Charged Property (as defined in the Trust Deed) or any other property subject to the Relevant Security Documents or any part thereof; and/or
- (ii) sell, call in, collect and convert into money or otherwise deal with the Relevant Charged Property or any other property subject to the Relevant Security Documents or any part thereof in such manner and for such consideration as the Notes Security Trustee shall think fit; and/or
- (iii) exercise all the powers conferred upon the Notes Security Trustee pursuant to the Relevant Security Documents and the Trust Deed,

but the Notes Security Trustee shall not be bound to take any such proceedings unless (1) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (2) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Notes Security Trustee, having become bound as aforesaid to take proceedings, fails or neglects to do so within a reasonable period and such failure or neglect is continuing.

## **12. Meeting of Noteholders and Modifications**

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 10 per cent. of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

Each of the Trustee and the Notes Security Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Relevant Transaction Documents which in the opinion of the Trustee or, as the case may be, the Notes Security Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by the relevant Stock Exchange, Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed or any of the other Relevant Transaction Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Relevant Transaction Documents which is in the opinion of the Trustee or, as the case may be, the Notes Security Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) each of the Trustee and the Notes Security Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

### **13. Replacement of Notes, Certificates, Coupons and Talons**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

### **14. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) so that such further issue shall be consolidated and form a single series with the outstanding notes of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition 14 and forming a single series with the Notes. Any further notes forming a single series with the outstanding notes of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other series where the Trustee so decides.

## **15. Indemnification of the Trustee and the Notes Security Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and the Notes Security Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling each of the Trustee and the Notes Security Trustee or any corporation related to it to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and neither the Trustee nor the Notes Security Trustee shall at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee or the Notes Security Trustee in respect thereof.

## **16. Notices**

Notices to the holders of Registered Notes shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language, and shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in *The Business Times*. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

Until such time as any Definitive Notes are issued, there may, so long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be given or published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Principal Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Principal Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition 16, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

## **17. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Trust Deed, the Notes and the Coupons are governed by, and shall be construed in accordance with, the laws of Singapore.

### **(b) Jurisdiction**

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes or the Coupons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

### **(c) No Immunity**

The Issuer agrees that in any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes or the Coupons against it or any of its assets, no immunity from such legal action or proceedings (which shall include, without limitation, suit, attachment prior to award, other attachment, the obtaining of an award, judgment, execution or other enforcement) shall be claimed by or on behalf of the Issuer or with respect to any of its assets and irrevocably waives any such right of immunity which it or its assets now have or may hereafter acquire or which may be attributed to it or its assets and consents generally in respect of any such legal action or proceedings to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such action or proceedings.

## **18. Contracts (Rights of Third Parties) Act**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

### **Principal Paying Agent and CDP Registrar**

Deutsche Bank AG, Singapore Branch  
One Raffles Quay  
#16-00 South Tower  
Singapore 048583

### **Non-CDP Paying Agent and Non-CDP Registrar**

Deutsche Bank AG, Hong Kong Branch  
Level 52, International Commerce Centre  
1 Austin Road West, Kowloon  
Hong Kong

## TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form (if any) issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to “**Perpetual Securities**” are to the Perpetual Securities of one Series only, and not to all Perpetual Securities that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.*

The Perpetual Securities are constituted by a Trust Deed (as amended, restated or supplemented from time to time, the “**Trust Deed**”) dated 28 June 2019 made between (1) Thomson Medical Group Limited (the “**Issuer**”), as issuer, (2) DB International Trust (Singapore) Limited, as trustee for the Securityholders (as defined in the Trust Deed) (in such capacity, the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed) and (3) DB International Trust (Singapore) Limited, as security trustee for the Noteholders (as defined below) (in such capacity, the “**Notes Security Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the security trustee or security trustees of the Trust Deed)), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended or supplemented from time to time, the “**Deed of Covenant**”) dated 28 June 2019, relating to the Perpetual Securities cleared or to be cleared through the CDP System (as defined in the Trust Deed) (“**CDP Perpetual Securities**”) executed by the Issuer. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement (as amended, restated or supplemented from time to time, the “**Agency Agreement**”) dated 28 June 2019 made between (1) the Issuer, as issuer, (2) Deutsche Bank AG, Singapore Branch, as principal paying agent in respect of CDP Perpetual Securities (in such capacity, the “**Principal Paying Agent**”) and registrar and transfer agent in respect of CDP Perpetual Securities (in such capacity, the “**CDP Registrar**”), (3) Deutsche Bank AG, Hong Kong Branch, as paying agent in respect of Perpetual Securities cleared or to be cleared through a clearing system other than the CDP System (“**Non-CDP Perpetual Securities**”) (in such capacity, the “**Non-CDP Paying Agent**”) and, together with the Principal Paying Agent and any other paying agents that may be appointed, the “**Paying Agents**”) and registrar and transfer agent in respect of Non-CDP Perpetual Securities (in such capacity, the “**Non-CDP Registrar**”) and, together with the CDP Registrar and any other transfer agents that may be appointed, the “**Transfer Agents**”), and (4) the Trustee, as trustee for the Securityholders. The Perpetual Securityholders and the holders (the “**Couponholders**”) of the distribution coupons (the “**Coupons**”) appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement (as defined in the Trust Deed) and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Principal Paying Agent shall, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Paying Agent, and (b) the Registrar shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Registrar, and (unless the context otherwise requires) all such references shall be construed accordingly. Copies of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective specified offices of the Paying Agents for the time being.



## 1. Form, Denomination and Title

### (a) Form and Denomination

- (i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the “**Perpetual Securities**”) are issued in bearer form (“**Bearer Perpetual Securities**”) or in registered form (“**Registered Perpetual Securities**”), in each case in the Denomination Amount shown hereon. Subject to applicable laws, in the case of Registered Perpetual Securities, such Perpetual Securities are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).
- (iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.
- (iv) Registered Perpetual Securities are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

### (b) Title

- (i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof, trust, interest therein or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below), and such Global Security or Global Certificate is held by a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (the “**Depository**”) and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depository and/or any such other clearing system as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent (as defined below), all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or

any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Perpetual Securityholder**” and “**holder of Perpetual Securities**” and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Perpetual Securityholder**” means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and “**holder**” (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), “**Series**” means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and “**Tranche**” means Perpetual Securities which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## **2. No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities**

- (a) **No Exchange of Perpetual Securities:** Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.
- (b) **Transfer of Registered Perpetual Securities:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the



transferor. All transfers of Registered Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request.

- (c) **Exercise of Options or Partial Redemption or Purchase in Respect of Registered Perpetual Securities:** In the case of an exercise of the Issuer's option in respect of, or a partial redemption or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Perpetual Securities and registrations and issues of Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of such tax or governmental charges.
- (f) **Closed Periods:** No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which the Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b), (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

### 3. Status

- (a) **Senior Perpetual Securities:** This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement). The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
- (b) **Subordinated Perpetual Securities:** This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(i) **Status of Subordinated Perpetual Securities**

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

In these Conditions, “**Parity Obligation**” means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

(ii) **Ranking of claims on Winding-up**

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of, and distribution and any other amounts in respect of, the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

(iii) **No set-off**

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated

Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-up or judicial management, the liquidator or, as appropriate, judicial manager of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, judicial manager of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

**(c) Non-Disposal Covenant**

The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Perpetual Securities remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under this Condition 3(c), is substantial in relation to the assets of the Group, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on it. The following disposals shall not be taken into account under this Condition 3(c):

- (i) any disposal made in the ordinary course of business on normal commercial terms and on an arm's length basis;
- (ii) any disposal of assets which are obsolete, excess or no longer required for the purposes of its business;
- (iii) any disposal of assets in exchange for other assets which are comparable or superior as to nature, value and quality;
- (iv) any payment of cash as consideration for the acquisition of any asset on normal commercial terms and on an arm's length basis;
- (v) any disposal of assets from one Principal Subsidiary to (1) the Issuer, (2) another Principal Subsidiary or (3) a subsidiary of the Issuer provided that such subsidiary becomes a Principal Subsidiary after such transfer;
- (vi) any disposal of assets to any real estate investment trust, business trust, property fund or any other entity in connection with a listing of such vehicle provided that the Issuer will at all times following such disposal own (whether directly and/or indirectly) in aggregate at least 20 per cent. of the shares, units or, as the case may be, interest of such real estate investment trust, business trust, property fund or entity;
- (vii) any disposal of the ordinary shares of TMC Life Sciences Berhad ("TMCLS") subject to TMCLS remaining a subsidiary of the Issuer following such disposal;
- (viii) any disposal of the piece of land (in whole or in part) held under the issue document of title known as HSD 523549, Lot PTB 24076, Daerah Johor Bahru, Bandar Johor Bahru, Negeri Johor; and
- (ix) any disposal approved by the Perpetual Securityholders by way of an Extraordinary Resolution.

For the purposes of the Trust Deed and these Conditions,

(1) **“Principal Subsidiaries”** means, at any particular time, any subsidiary of the Issuer:

- (aa) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 20 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or
- (bb) whose total revenue, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 20 per cent. of the total revenue of the Group as shown by such audited consolidated accounts,

provided that if any such subsidiary (the **“transferor”**) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary of the Issuer (the **“transferee”**) then:

- (I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and
- (II) if any part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the earlier of (x) the date of issue of the first audited consolidated accounts of the Group prepared as of a date later than the date of the relevant transfer which show the total assets, or (as the case may be) total revenue as shown by the accounts of such subsidiary (consolidated (if any) in the case of a subsidiary which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 20 per cent. of the total assets, or, as the case may be, 20 per cent. of the total revenue of the Group, as shown by such audited consolidated accounts, or (y) the date of a report by the Auditors (as defined in the Trust Deed) as described below dated on or after the date of the relevant transfer which shows the total assets, or (as the case may be) total revenue of such subsidiary to be less than 20 per cent. of the total assets or, as the case may be, 20 per cent. of the total revenue, of the Group. A report by the Auditors, who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

(2) **“subsidiary”** has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

#### **4. Distribution and other Calculations**

##### **(I) Distribution on Fixed Rate Perpetual Securities**

###### **(a) Distribution Rate and Accrual**

Each Fixed Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding from the Distribution Commencement Date (as defined in Condition 4(II)(c)) in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Distribution Rate shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

Distribution will cease to accrue on each Fixed Rate Perpetual Security from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to (but excluding) the Relevant Date (as defined in Condition 7).

###### **(b) Distribution Rate**

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

- (i) (if no Reset Date is specified in the applicable Pricing Supplement),
  - (1) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or
  - (2) if a Step-Up Margin is specified in the applicable Pricing Supplement, (A) for the period from (and including) the Distribution Commencement Date to (but excluding) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (B) for the period from (and including) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and
- (ii) (if a Reset Date is specified in the applicable Pricing Supplement), (1) for the period from, and including, the Distribution Commencement Date to, but excluding, the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from, and including, the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Distribution Rate,

provided always that if Redemption upon Cessation or Suspension of Trading Event is specified on the face of such Perpetual Security and a Cessation/Suspension of Trading Margin is specified in the applicable Pricing Supplement, in the event that a Cessation/

Suspension of Trading Event (as defined in Condition 5(g)) has occurred, so long as the Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(g), the then prevailing Distribution Rate shall be increased by the Cessation/Suspension of Trading Margin with effect from (and including) the Distribution Payment Date immediately following the date on which the Cessation/Suspension of Trading Event occurred (or, if the Cessation/Suspension of Trading Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purposes of these Conditions:

**“Reset Distribution Rate”** means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement) plus the Cessation/Suspension of Trading Margin (if applicable, as specified in the applicable Pricing Supplement) as contemplated in the proviso to Condition 4(l)(b)(ii) above; and

**“Swap Offer Rate”** means:

- (aa) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the **“Reset Determination Date”**);
- (bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);
- (cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Calculation Agent to the Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and



(dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Calculation Agent or, if only one of the Reference Banks provides the Calculation Agent with such quotation, such rate quoted by that Reference Bank,

provided that, in each case, in the event the Swap Offer Rate is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum.

**(c) Calculation of Distribution Rate or Reset Distribution Rate**

The Calculation Agent will, on the second business day prior to each Fixed Rate Determination Date, determine the applicable Reset Distribution Rate or (if a Cessation/Suspension of Trading Event has occurred) the applicable Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

In these Conditions, “**Fixed Rate Determination Date**” means each Step-Up Date, each Reset Date or (if a Cessation/Suspension of Trading Event has occurred) the Distribution Payment Date immediately following the date on which the Cessation/Suspension of Trading Event occurred (or, if the Cessation/Suspension of Trading Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

**(d) Notification of Relevant Distribution Rate or Reset Distribution Rate**

The Calculation Agent will cause the applicable Reset Distribution Rate or (if a Cessation/Suspension of Trading Event has occurred or if a Step-Up Margin is specified in the applicable Pricing Supplement) the applicable Distribution Rate to be notified to the Principal Paying Agent, the Trustee, the Registrar and the Issuer as soon as possible after its determination but in no event later than the fourth business day thereafter. The Calculation Agent shall cause notice of the then applicable Reset Distribution Rate or (if a Cessation/Suspension of Trading Event has occurred or if a Step-Up Margin is specified in the applicable Pricing Supplement) the applicable Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the Registrar, the Transfer Agent, the Trustee and the Perpetual Securityholders and (except as provided in the Agency Agreement) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.



**(e) Determination or Calculation by Trustee**

If the Calculation Agent does not at any material time determine or calculate the applicable Distribution Rate or the applicable Reset Distribution Rate (as the case may be), the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition 4(I), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

**(f) Calculations**

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Perpetual Security. The amount of distribution payable per Calculation Amount (as defined in Condition 4(II)(c)) for any Fixed Rate Distribution Period in respect of any Fixed Rate Perpetual Security shall be calculated by multiplying the product of the Distribution Rate or Reset Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the face of the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency (with halves rounded up).

In these Conditions, “**Fixed Rate Distribution Period**” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date.

**(II) Distribution on Floating Rate Perpetual Securities**

**(a) Distribution Payment Dates**

Each Floating Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date (“**Distribution Payment Date**”). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period (as defined below) on the face of the Perpetual Security (the “**Specified Number of Months**”) after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date is herein called a “**Distribution Period**”.

Distribution will cease to accrue on each Floating Rate Perpetual Security from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to (but excluding) the Relevant Date.

**(b) Rate of Distribution – Floating Rate Perpetual Securities**

- (i) Each Floating Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) and the Step-Up Spread (if any) stated on the face of such Perpetual Security. The “Spread” and the Step-Up Spread are the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(III)(a) below.

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the “**Rate of Distribution**”.

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Calculation Agent on the basis of the following provisions:

- (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:

- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

- (B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations and as adjusted by the Spread (if any) and the Step-Up Spread (if any), as determined by the Calculation Agent;
  - (C) if on any Distribution Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
  - (D) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption “SGD SOR rates as of 11:00 hrs London Time” and under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any) and the Step-Up Spread (if any);
  - (B) if on any Distribution Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate

which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and

(C) if on any Distribution Determination Date the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and

(3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate Perpetual Securities is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,

and as adjusted by the Spread (if any) and the Step-Up Spread (if any);

- (B) if the Primary Source for the Floating Rate Perpetual Securities is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and
- (C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.
- (iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.
- (iv) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

**(c) Definitions**

As used in these Conditions:

**“Benchmark”** means the rate specified as such in the applicable Pricing Supplement;

**“business day”** means, in respect of each Perpetual Security, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and/or the Depository, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the relevant Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Perpetual Securities denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (3) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and in the principal financial centre for that currency;

**“Calculation Agent”** means, in relation to any Series of Perpetual Securities, the person appointed as the calculation agent pursuant to the terms of the Agency Agreement or, as the case may be, the Calculation Agency Agreement as specified in the applicable Pricing Supplement;

**“Calculation Amount”** means the amount specified as such on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

**“Day Count Fraction”** means, in respect of the calculation of an amount of distribution in accordance with Condition 4:

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365 (or, if any portion of that Fixed Rate Distribution Period or, as the case may be, Distribution Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a non-leap year divided by 365);
- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 360;
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 365; and
- (iv) if “30/360” is specified in the applicable Pricing Supplement, the number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

**“Y1”** is the year, expressed as a number, in which the first day of the Fixed Rate Distribution Period or, as the case may be, the Distribution Period falls;

**“Y2”** is the year, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Distribution Period or, as the case may be, the Distribution Period falls;

**“M1”** is the calendar month, expressed as a number, in which the first day of the Fixed Rate Distribution Period or, as the case may be, the Distribution Period falls;

**“M2”** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Distribution Period or, as the case may be, the Distribution Period falls;

**“D1”** is the first calendar day, expressed as a number, of the Fixed Rate Distribution Period or, as the case may be, the Distribution Period, unless such number would be 31, in which case D1 will be 30; and

**“D2”** is the calendar day, expressed as a number, immediately following the last day included in the Fixed Rate Distribution Period or, as the case may be, the Distribution Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;



**“Distribution Commencement Date”** means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

**“Distribution Determination Date”** means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

**“Euro”** means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

**“Issue Date”** means the date specified as such in the applicable Pricing Supplement;

**“Primary Source”** means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Calculation Agent;

**“Reference Banks”** means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Calculation Agent (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

**“Relevant Currency”** means the currency in which the Perpetual Securities are denominated;

**“Relevant Financial Centre”** means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

**“Relevant Rate”** means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

**“Relevant Time”** means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

**“Screen Page”** means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.



### **(III) Calculations**

#### **(a) Determination of Rate of Distribution and Calculation of Distribution Amounts**

The Calculation Agent will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the “**Distribution Amounts**”) in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

#### **(b) Notification**

The Calculation Agent will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Principal Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, the Calculation Agent will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event (as defined below) occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

#### **(c) Determination or Calculation by the Trustee**

If the Calculation Agent does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

#### **(d) Calculation Agent and Reference Banks**

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

#### (IV) Distribution Discretion

##### (a) Optional Payment

If Optional Payment is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee, the Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out hereon, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event a “**Compulsory Distribution Payment Event**”) have occurred:

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of the Issuer’s Junior Obligations or (except on a *pro rata* basis) any of the Issuer’s Specified Parity Obligations; or
- (ii) any of the Issuer’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of the Issuer’s Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group (as defined in the Trust Deed), (2) as a result of the exchange or conversion of Parity Obligations of the Issuer for Junior Obligations of the Issuer and/or (3) as otherwise specified in the applicable Pricing Supplement.

In these Conditions:

- (A) “**Junior Obligation**” means any ordinary shares of the Issuer and any class of the Issuer’s share capital and any other instruments or securities (including without limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Perpetual Securities; and
- (B) “**Specified Parity Obligations**” means any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (aa) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Perpetual Securities and (bb) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

If Dividend Pusher is set out hereon, each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Principal Paying Agent, by a certificate signed by a director or a duly authorised officer of the Issuer confirming that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period. Any such certificate shall be conclusive evidence that no Compulsory

Distribution Payment Event has occurred during the relevant Reference Period and the Trustee and the Principal Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

**(b) No obligation to pay**

If Optional Payment is set out hereon and subject to Conditions 4(IV)(c) and 4(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

**(c) Non-Cumulative Deferral and Cumulative Deferral**

(i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

(ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(IV) except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

(iii) If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

**(d) Restrictions in the case of Non-Payment**

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distributions scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the Issuer shall not and shall procure that none of its subsidiaries shall:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group, (2) as a result of the exchange or conversion of Parity Obligations of the Issuer for the Junior Obligations of the Issuer and/or (3) as otherwise specified in the applicable Pricing Supplement, unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

**(e) Satisfaction of Optional Distribution or Arrears of Distribution**

The Issuer:

- (i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, the Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and
- (ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:
  - (1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);

- (2) the next Distribution Payment Date following the occurrence of a breach of Condition 4(IV)(d) or following the occurrence of a Compulsory Distribution Payment Event; and
- (3) the date such amount becomes due under Condition 9 or on a Winding-up of the Issuer.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro-rata* basis.

**(f) No default**

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities.

**5. Redemption and Purchase**

**(a) No Fixed Redemption Date**

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 5.

**(b) Redemption at the Option of the Issuer**

If so provided hereon, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) (if any) to (but excluding) the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

**(c) Redemption for Taxation Reasons**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) (if any) accrued to (but excluding) the date fixed for redemption), if:

- (i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:
  - (1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore (the "ITA") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or
  - (2) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or
- (ii) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and
- (2) such obligations cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Trustee a certificate signed by one Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and an opinion of independent legal, tax or any other professional advisers of recognised standing, which shall be addressed to the Trustee, to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change, amendment, interpretation or pronouncement.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.



**(d) Redemption for Accounting Reasons**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) (if any) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or at any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council (as amended from time to time, the "SFRS(I)") or any other accounting standards that may replace SFRS(I) for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee:

- (i) a certificate signed by one Director of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above and shall not be responsible for determining or verifying the circumstances set out in such certificate, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d).

**(e) Redemption for Tax Deductibility**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) (if any) accrued to (but excluding) the date fixed for redemption) if:

- (i) the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
  - (1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective on or after the Issue Date;
  - (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective on or after the Issue Date; or

- (3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

the distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Arrears of Distribution and any Additional Distribution Amount) would not be regarded as such sums; or

- (ii) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by one Director of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances and an opinion of the Issuer’s independent tax or legal adviser of recognised standing stating the circumstances referred to above prevail and the date on which the relevant change, amendment, interpretation or pronouncement has taken place or is due to take effect.

The Trustee shall be entitled to accept such certificate and opinion or ruling as sufficient evidence of the satisfaction of the conditions precedent set out above and shall not be responsible for determining or verifying the circumstances set out in such certificate, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(e).

**(f) Redemption in the case of Minimal Outstanding Amount**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(f).

**(g) Redemption upon Cessation or Suspension of Trading of Shares**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Cessation/Suspension of Trading Event.

For the purposes of these Conditions:

- (i) a “**Cessation/Suspension of Trading Event**” occurs when (i) the shares of the Issuer cease to be traded on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than 10 market days; and
- (ii) “**market day**” means a day on which the SGX-ST is open for securities trading.

**(h) Purchases**

The Issuer and/or any of its related corporations may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives. The Perpetual Securities so purchased, while held by or on behalf of the Issuer and/or any of its related corporations shall not entitle the holder to vote at any meetings of the Perpetual Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Perpetual Securityholders or for the purposes of Conditions 9 and 10.

Perpetual Securities purchased by the Issuer or any of its related corporations may be surrendered by the purchaser through the Issuer to, in the case of Bearer Perpetual Securities, the Principal Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the Issuer or, as the case may be, the relevant related corporation be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

**(i) Cancellation**

All Perpetual Securities purchased by or on behalf of the Issuer and/or any of its related corporations may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Principal Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

## **6. Payments**

### **(a) Principal and Distribution in respect of Bearer Perpetual Securities**

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

### **(b) Principal and Distribution in respect of Registered Perpetual Securities**

- (i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii).
- (ii) Distribution on Registered Perpetual Securities shall be paid to the person shown as the holder thereof on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of distribution on each Registered Perpetual Security shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

### **(c) Payments subject to law etc.**

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

### **(d) Appointment of Agents**

The Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Calculation Agent and to appoint additional or other Paying Agents, Transfer Agents and Calculation Agents; provided that it will at all times maintain (i) a Principal Paying Agent having a specified office in Singapore and (in the case of Non-CDP Perpetual Securities) a Non-CDP Paying Agent, as the case may be, (ii) a Registrar in relation to Registered Perpetual Securities and (iii) a Calculation Agent where the Conditions so require.

Notice of any such change of appointment or any change of any specified office will be given by the Issuer to the Perpetual Securityholders in accordance with Condition 14.

The Agency Agreement may be amended by the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Perpetual Security or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee materially and adversely affect the interests of the holders of the Perpetual Securities or the Coupons.

**(e) Unmatured Coupons and Unexchanged Talons**

- (i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unexpired Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unexpired Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexpired Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unexpired Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

**(f) Talons**

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

**(g) Non-business days**

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

**7. Taxation**

All payments in respect of the Perpetual Securities and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (c) by, or on behalf of, a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

For the avoidance of doubt, neither the Issuer nor any other person shall be required to pay any additional amounts or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law, regulation or directive implementing such an intergovernmental agreement).

As used in these Conditions, “**Relevant Date**” in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relevant Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, “**distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**distribution**” shall be deemed to include any additional amounts which may be payable under these Conditions.



## **8. Prescription**

Claims against the Issuer for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

## **9. Non-payment**

### **(a) Non-payment when due**

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for Winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities or the Trust Deed.

### **(b) Proceedings for Winding-Up**

If (i) a final and effective order is made or an effective resolution is passed for the Winding-up of the Issuer, (ii) the Issuer fails to make payment of any principal payable by it under any of the Perpetual Securities when due or (iii) the Issuer fails to make payment of any distribution or any other amount payable by it under any of the Perpetual Securities (other than principal) for a period of three business days after the date on which such payment is due (each an **"Enforcement Event"**), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the Winding-up of the Issuer and/or prove in the Winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

For the purposes of these Conditions, **"Winding-up"** means bankruptcy, winding-up, liquidation, receivership, judicial management or similar proceedings.

### **(c) Enforcement**

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may without further notice to the Issuer institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

### **(d) Entitlement of Trustee**

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer to enforce the terms of the Trust Deed or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

**(e) Right of Perpetual Securityholders or Couponholder**

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the Winding-up or claim in the liquidation of the Issuer or to prove in such Winding-up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 9.

**(f) Extent of Perpetual Securityholders' remedy**

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed or the Perpetual Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities.

**10. Meeting of Perpetual Securityholders and Modifications**

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 10 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to amend the subordination provisions of the Perpetual Securities or (h) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by the relevant Stock Exchange, Euroclear, Clearstream,

Luxembourg, the Depository and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed or any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and such modification, authorisation or waiver shall be notified to the Perpetual Securityholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

## **11. Replacement of Perpetual Securities, Certificates, Coupons and Talons**

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 14, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

## **12. Further Issues**

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities either having the same terms and conditions as the Perpetual Securities in all respects (or in all respects except for the first payment of interest on them) so that such further issue shall be consolidated and form a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Perpetual Securities include (unless the context requires otherwise) any other perpetual securities issued pursuant to this Condition 12 and forming a single series with the Perpetual Securities. Any further perpetual securities forming a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Perpetual Securityholders and the holders of perpetual securities of other series where the Trustee so decides.

### **13. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

Each Perpetual Securityholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder shall not rely on the Trustee in respect thereof.

### **14. Notices**

Notices to the holders of Registered Perpetual Securities shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language, and shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in *The Business Times*. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14.

Until such time as any Definitive Securities are issued, there may, so long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be given or published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relevant Perpetual Security or Perpetual Securities, with the Principal Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Principal Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Principal Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition 14, in any case where the identities and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

## **15. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

### **(b) Jurisdiction**

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Perpetual Securities, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

### **(c) No Immunity**

The Issuer agrees that in any legal action or proceedings arising out of or in connection with the Trust Deed, the Perpetual Securities, the Coupons or the Talons against it or any of its assets, no immunity from such legal action or proceedings (which shall include, without limitation, suit, attachment prior to award, other attachment, the obtaining of an award, judgment, execution or other enforcement) shall be claimed by or on behalf of the Issuer or with respect to any of its assets and irrevocably waives any such right of immunity which it or its assets now have or may hereafter acquire or which may be attributed to it or its assets and consents generally in respect of any such legal action or proceedings to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such action or proceedings.

## **16. Contracts (Rights of Third Parties) Act**

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

### **Principal Paying Agent and CDP Registrar**

Deutsche Bank AG, Singapore Branch  
One Raffles Quay  
#16-00 South Tower  
Singapore 048583

### **Non-CDP Paying Agent and Non-CDP Registrar**

Deutsche Bank AG, Hong Kong Branch  
Level 52, International Commerce Centre  
1 Austin Road West, Kowloon  
Hong Kong

## THE ISSUER

### 1. BACKGROUND AND HISTORY

The Issuer was incorporated in Singapore on 31 December 1999 as a private limited company under the name of asp Holdings Pte Ltd, which through its subsidiaries provided, amongst other services, information technology training and software development work. On 9 June 2000, asp Holdings Pte Ltd changed its name to aspnetcentre Pte Ltd. On 20 June 2002, aspnetcentre Pte Ltd changed its name to aspnetcentre Ltd in conjunction with its conversion into a public company and the shares were listed on the Main Board of the SGX-ST on 10 July 2002.

On 16 October 2003, aspnetcentre Ltd changed its name to Rowsley Ltd and its primary business activity changed to investments, investment holding and strategic investments and other related activities, with a focus on identifying new investment opportunities locally and overseas that have the potential to increase the Group's revenue streams or provide attractive returns.

In September 2013, Rowsley Ltd made two substantial acquisitions – the Iskandar Land and the RSP Group, one of Singapore's leading architecture, engineering, master planning and design practices. Pursuant to the acquisitions, the Group changed from an investment holding company to an integrated real estate group with investment, development, architecture, engineering, master planning and design services (the “**Real Estate Business**”).

On 18 December 2017, to participate in the expanding healthcare sector, Rowsley Ltd acquired the entire share capital of Sasteria. Sasteria's principal subsidiaries are Thomson Medical and TMCLS. Thomson Medical is a private healthcare service provider for women and children, which owns and operates Thomson Medical Centre and associated specialist clinics in Singapore. TMCLS is a public-listed healthcare company, which provides private healthcare services through THKD and TMC Fertility Centres in Malaysia.

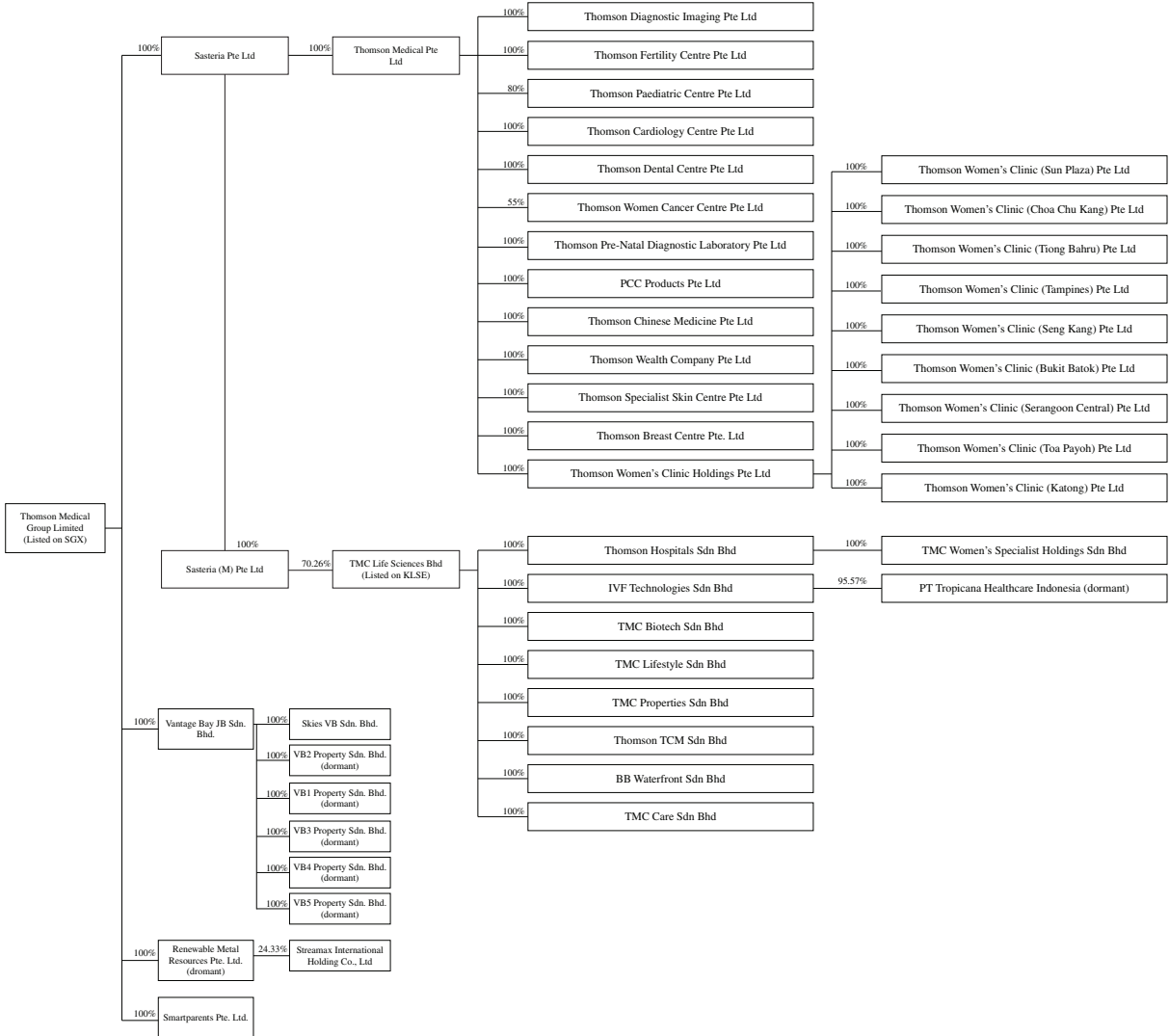
To reflect the Group's new focus on healthcare, Rowsley Ltd changed its name to “Thomson Medical Group Limited” following the completion of the acquisition of Sasteria. On 31 January 2019, the Issuer divested its Real Estate Business via a distribution *in specie* by way of capital reduction save for the piece of freehold land, measuring 9.23 hectares located within the Iskandar Development Region in Johor Bahru, Malaysia (the “**Iskandar Land**”), which is known as VBHC and is held through Vantage Bay JB Sdn Bhd, and is now a pure play healthcare group. The Iskandar Land will be integrated as part of the Group's healthcare business as it is synergistic to the expansion plan in Johor Bahru with the Thomson Iskandar Medical Hub project.

As at the Latest Practicable Date, the market capitalisation of the Issuer is S\$1.72 billion.



## 2. CORPORATE STRUCTURE

The chart below sets out the Issuer’s corporate structure as at the Latest Practicable Date:



## 3. BUSINESS ACTIVITIES

Listed on the Mainboard of the Singapore Exchange, the Issuer is one of the largest listed healthcare players in the South-East Asian region based on market capitalisation as at the Latest Practicable Date. The Issuer’s business includes Thomson Medical, TMCLS and VBHC.

Established in 1979, Thomson Medical is one of the largest private providers of healthcare services for women and children in Singapore. Thomson Medical owns and operates Thomson Medical Centre, a 187-bed hospital focusing on O&G and paediatric services and a network of specialist medical clinics and facilities in Singapore.

TMCLS is a multi-disciplinary healthcare company listed on Bursa Malaysia. It operates THKD, a tertiary hospital located in Kota Damansara, and the award-winning TMC Fertility Centre which is the industry leader in assisted reproduction in Malaysia, which holds the Malaysian record for the highest number of IVF babies produced by a single IVF practice (5,388 babies as of October 2018). TMCLS also owns the proposed Thomson Iskandar Medical Hub, which comprises a 500-bed tertiary hospital and a 400-suite medical tower and

complementary retail space to facilitate and provide ancillary services to the operation of the hospital and medical suite in Johor Bahru, Malaysia.

Thomson Iskandar Medical Hub is adjacent to VBHC in Iskandar Malaysia. Sited on freehold waterfront land in Johor Bahru's City Centre, VBHC is conceived as a first-of-its-kind integrated medical, education and wellness hub.

Over the years, the Group has expanded its operations to include new areas of specialties and services beyond O&G and paediatrics to include fertility, oncology, dentistry, cardiology, dermatology and aesthetic medicine, sports medicine, TCM and wellness and consumer businesses.

## Summary financial performance of the Group

### *Revenue segments*

The Group primarily operates in two business segments, namely hospital operations and ancillary services and specialised and other services in two major markets, Singapore and Malaysia.

The following table sets forth the breakdown of revenue by business segments and by geographical locations (based on the locations of the healthcare assets) of the Group.

### *Breakdown of revenue by business segments*

| <b>S\$'million</b>                         | <b>2016</b>  | <b>2017</b>  | <b>2018</b>  | <b>1Q2018</b> | <b>1Q2019</b> |
|--|--------------|--------------|--------------|---------------|---------------|
| Hospital operations and ancillary services | 125.1        | 128.9        | 134.1        | 32.5          | 34.3          |
| Specialised and other services             | 72.8         | 71.6         | 81.4         | 20.0          | 20.2          |
| Investment holdings                        | 0.1          | 0.1          | 0.1          | –             | –             |
| <b>Total</b>                               | <b>198.0</b> | <b>200.6</b> | <b>215.6</b> | <b>52.5</b>   | <b>54.5</b>   |

### *Breakdown of revenue by geographical segments*

| <b>S\$'million</b> | <b>2016</b>  | <b>2017</b>  | <b>2018</b>  | <b>1Q2018</b> | <b>1Q2019</b> |
|--------------------|--------------|--------------|--------------|---------------|---------------|
| Singapore          | 151.9        | 149.4        | 156.1        | 38.4          | 38.9          |
| Malaysia           | 46.1         | 51.2         | 59.5         | 14.1          | 15.6          |
| <b>Total</b>       | <b>198.0</b> | <b>200.6</b> | <b>215.6</b> | <b>52.5</b>   | <b>54.5</b>   |

### *Adjusted EBITDA*

The Group's Adjusted EBITDA by business segments and geographical locations are as follows:–

#### *Breakdown of Adjusted EBITDA by business segments*

| <b>S\$'million</b>                         | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>1Q2018</b> | <b>1Q2019</b> |
|--|-------------|-------------|-------------|---------------|---------------|
| Hospital operations and ancillary services | 39.9        | 46.0        | 43.0        | 10.1          | 10.4          |
| Specialised and other services             | 8.6         | 10.1        | 11.4        | 2.5           | 3.5           |
| Investment holdings                        | (9.3)       | (4.4)       | (2.7)       | (0.8)         | (0.5)         |
| <b>Total</b>                               | <b>39.2</b> | <b>51.7</b> | <b>51.7</b> | <b>11.8</b>   | <b>13.4</b>   |

#### *Breakdown of Adjusted EBITDA by geographical segments*

| <b>S\$'million</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>1Q2018</b> | <b>1Q2019</b> |
|--------------------|-------------|-------------|-------------|---------------|---------------|
| Singapore          | 34.9        | 41.7        | 38.6        | 9.2           | 10.2          |
| Malaysia           | 4.3         | 10.0        | 13.1        | 2.6           | 3.2           |
| <b>Total</b>       | <b>39.2</b> | <b>51.7</b> | <b>51.7</b> | <b>11.8</b>   | <b>13.4</b>   |

The Group has achieved sustained growth in the last three years, with revenue growing from S\$198.0 million in 2016 to S\$215.6 million in 2018 at a CAGR of 4.3% per annum. The Group continues to maintain the momentum of its revenue growth and has recorded a growth of 3.8% from S\$52.5 million in 1Q2018 to S\$54.5 million in 1Q2019.

Adjusted EBITDA has improved from S\$39.2 million in 2016 to S\$51.7 million in 2017 and remained stable at S\$51.7 million in 2018. For 1Q2019, Adjusted EBITDA was higher at S\$13.4 million compared to S\$11.8 million in 1Q2018.

#### **(a) Business Overview of Thomson Medical**

Over the years, Thomson Medical has grown beyond its core business of women's and children's healthcare into a multi-disciplinary healthcare provider. From 2010 to the Latest Practicable Date, the Group has grown from 16 to 35 clinics and centres, which include two imaging centres and a pre-natal diagnostic laboratory. The services provided have expanded to include fertility, dentistry, oncology, dermatology and aesthetic medicine, sports medicine, wellness, cardiology, TCM and consumer businesses.

The principal activities of Thomson Medical are categorised into: (1) hospital operations and ancillary services; and (2) specialised and other services.

##### Hospital operations and ancillary services

Hospital operations and ancillary services comprise the provision of integrated medical healthcare facilities and services for primary, secondary and tertiary healthcare with focus on the areas of O&G and paediatric services, diagnostic imaging services, pharmacy and 24-hour outpatient services which are set out below.

(i) *Thomson Medical Centre*

Thomson Medical Centre is licensed to operate a 187-bed private hospital and specialises in providing O&G and paediatric services. Apart from providing primary and secondary healthcare services, it also provides tertiary healthcare services in the area of neonatal intensive care.

The comprehensive range of services that Thomson Medical Centre has, together with its tenant specialists, provide convenience for patients who require O&G, paediatric and other related services, such as surgical operations, diagnostic imaging, pharmacy and laboratory services. As at 31 March 2019, there are 31 doctors and 3 resident medical officers who practise in clinics located within Thomson Medical Centre. Tenant specialists are not employees of the Group. They manage their clinics independently of Thomson Medical Centre and conform to the guidelines set up by Thomson Medical Centre, its Medical Advisory Board and the Ministry of Health in Singapore. The tenant specialists' clinics are encouraged to use facilities of Thomson Medical Centre in view of their location within Thomson Medical Centre. There are over 1,100 specialists who are accredited to Thomson Medical Centre, which enables them to utilise the hospital's medical facilities.

(ii) *Thomson Diagnostic Imaging Centre*

Thomson Diagnostic Imaging Centre provides X-ray and ultrasound services and is managed by a committed team of experienced radiologists, radiographers and ultra-sonographers, providing a high level of professional diagnostic services, ranging from simple chest X-ray to mammogram and ultrasound. In addition, the centre has a fetal assessment unit which provides tertiary level obstetrics ultra-sonographic screening for fetal abnormalities. This service combines with the cytogenetics services from the pre-natal diagnostic laboratory to provide chromosomal diagnosis of fetal abnormalities.

(iii) *Thomson 24-hour Family Clinic*

Thomson Medical Centre operates a 24-hour family clinic providing general medical consultation for the treatment of common medical ailments which is managed by a team of resident medical officers. The resident medical officers refer their patients with medical conditions requiring specialist attention to one of the specialist clinics for further treatment.

(iv) *Thomson Wellth Clinics*

Thomson Wellth Clinics expand the service focus of Thomson Medical beyond O&G and paediatrics to promoting preventive health and wellness for individuals. These are one-stop lifestyle clinics that adopt a holistic approach to the provision of healthcare services, including preventive care services, regular health screening, referrals to specialist care where required, medical aesthetic treatments, facial massage therapies, diagnostic radiology services, consultation and treatment for musculoskeletal injuries.

## Specialised and other services

The specialised and other services segment includes services provided by Thomson Women's Clinics for O&G, Thomson Paediatric Centres, Thomson Fertility Centre, Thomson Women Cancer Centre, Thomson Dental Centre, Thomson Cardiology Centre, Thomson Chinese Medicine, Thomson Specialist Skin Centre and a pre-natal and clinical diagnostic laboratory. It also includes a consumer business segment, comprising products and services.

### (i) *Thomson Women's Clinics for O&G*

Started as an initiative by Thomson Medical to provide patients with easy access to healthcare services, Thomson Women's Clinics aim to provide a dedicated and comprehensive range of healthcare programmes for women, focusing on O&G services, through a network of 10 Thomson Women's Clinics located strategically throughout Singapore. It currently has one of the largest networks of non-hospital-based O&G clinics in Singapore.

Thomson Women's Clinics form an extension of Thomson Medical Centre in the provision of healthcare services, particularly O&G. Patients seen at Thomson Women's Clinics are predominantly referred to Thomson Medical Centre for diagnostic services, deliveries and other gynaecological procedures.

Each of the Thomson Women's Clinics is headed by a specialist. The clinics provide services which include women's health screening, antenatal care, gynaecological screening, fertility treatment, pap smear tests, pelvic ultrasound, menopause care and contraceptive counselling services.

### (ii) *Thomson Paediatric Centres*

Thomson Paediatric Centres cater to children of all ages and offer specialist services from neonatal intensive care to general paediatric and behavioural medicine, caring for the physical, mental and psychological development of a child.

### (iii) *Thomson Fertility Centre*

Headed by an experienced fertility specialist with a team of experienced embryologists, nurses and allied health professionals, Thomson Fertility Centre is a one-stop assisted reproductive technologies centre with clinical, andrology and specialised laboratory services in Singapore.

The services that Thomson Fertility Centre provides include:

- A. clinical services which include investigations of male and female infertility with graduated treatment options such as IUI, IVF, intracytoplasmic sperm injection, frozen-thawed embryo transfers, assisted hatching, blastocyst culture, and in vitro egg maturation;
- B. andrology services to overcome male infertility including microsurgical epididymal sperm aspiration and testicular sperm extraction; and
- C. specialised laboratory services supporting all gynaecologists including semen analysis, sperm preparation for IUI and sperm banking for husbands of patients.

The Group delivered Singapore's first IVF triplets in September 1988 and Singapore's and South East Asia's first surviving IVF quadruplets in May 1989.

(iv) *Thomson Women Cancer Centre*

Thomson Women Cancer Centre provides a comprehensive range of screening, prevention, diagnostics and treatment services focusing on women cancer. It is one of the first dedicated centres for women to screen, prevent and treat breast, colorectal and gynaecological cancers.

(v) *Thomson Dental Centre*

Thomson Dental Centre is one of the largest private stand-alone specialist dental centres in Singapore. It provides a comprehensive range of in-house dental services. It also has an on-site dental laboratory which is fully equipped with 3-D milling technology that is able to produce dental crowns on the same day of the treatment.

(vi) *Consumer business*

Thomson Medical's consumer business includes parentcraft services such as child-birth education, breast-feeding counselling, confinement food home delivery services, confinement nanny services and Thomson-developed mother and baby products under the house brand Essential by Thomson Medical. This segment has also expanded into skincare and health supplements under the Thomson Wellth brand.

(vii) *Other centres and laboratories*

The centres and laboratories comprise the following:

- A. Thomson Cardiology Centre provides cardiac investigations such as electrocardiography, echocardiography and high-resolution cardiac computed tomography.
- B. Thomson Chinese Medicine Clinics provide traditional Chinese medicine services which focus on women's wellness, pregnancy and fertility, children's health and baby massages.
- C. Thomson Specialist Skin Centre offers dermatology services ranging from medical dermatology, aesthetic dermatology, dermatology concerns arising from skin cancers and sexually-transmitted infections.
- D. Pre-natal diagnostic laboratory provides services that include identification of chromosomal abnormalities for patients.
- E. Clinical diagnostic laboratory offers a comprehensive range of clinical laboratory services which include haematology, biochemistry, immunology, microbiology and histopathology services.
- F. The first integrated nodal centre planned at Paragon Medical Centre, designed to co-locate Thomson Medical's specialist outpatient services together to provide a one-stop integrated service platform for patients.



## **(b) Business Overview of TMCLS**

THKD, which commenced its operations in December 2008, is located in Kota Damansara, Kuala Lumpur, Malaysia, and is the flagship hospital of TMCLS. It is a multi-disciplinary tertiary hospital equipped with advanced medical technology and modern infrastructure to deliver quality, value-driven healthcare services to local and international patients from across the region. The hospital operates 205 licensed beds and is served by a panel of 109 consultant specialists, covering over 52 areas of medical specialties and sub-specialties. The core disciplines of THKD include fertility and reproductive health; diabetic and kidney care; ear, nose, throat (“**ENT**”), head and neck laser surgery; orthopaedic, spine and sports injury, heart and lung care; gastroenterology and liver care; general, cancer and minimally-invasive surgery; breast and endocrine surgery; hand and microsurgery; aesthetic and plastic reconstructive; ophthalmological, as well as the full range of women and paediatric services. In recent years, THKD has also launched new specialised centres such as the Orthopaedic and Trauma Centre in August 2016, the Diabetic and Metabolic Centre in November 2014 and the ENT, Head and Neck Laser Surgery Centre in February 2013.

The principal activities of TMCLS are mainly categorised into: (1) hospital operations and ancillary services; and (2) specialised and other services.

### Hospital operations and ancillary services

The hospital operations and ancillary services comprise the provision of integrated medical healthcare facilities and services for primary, secondary and tertiary care, diagnostic imaging services, pharmacy, laboratory and services provided by outpatient clinics at the hospital.

#### *(i) Orthopaedic and Trauma Centre*

The Orthopaedic and Trauma Centre treats patients with bone and joint diseases, sports injuries and patients who require joint replacements, spine surgery, hand and microsurgery as well as foot and ankle surgery. It also has a niche focus on paediatric orthopaedics.

#### *(ii) Diabetic and Metabolic Centre*

The Diabetic and Metabolic Centre treats diabetic patients and treatment includes tailoring a programme according to the needs of the patient to improve his life.

#### *(iii) ENT, Head and Neck Laser Centre*

The ENT, Head and Neck Laser Centre offers comprehensive surgical and medical treatments for all ear nose, throat, head and neck diseases.

#### *(iv) Dialysis centre*

The dialysis centre provides dialysis services for patients with renal failure.

As a tertiary hospital, THKD also provides medical services (from prevention to diagnostic to treatment and post-procedure care) in the following medical and surgical specialities and sub-specialities:

(i) *Anaesthesiology*

Provides anaesthesia services in areas such as cardiac anaesthesia, paediatric anaesthesia, neuro anaesthesia and obstetric anaesthesia.

(ii) *Breast and Endocrinology*

Provides medical services for conditions such as breast cancer and cysts, lumps and nipple discharge.

(iii) *Breast and Oncoplastic Surgery*

Provides medical services for breast reconstruction.

(iv) *Cardiology*

Provides medical services for heart problems such as blocked coronary arteries, congenital heart disease and arrhythmias.

(v) *Dermatology*

Provides medical services in the areas of cosmetic dermatology, venereology.

(vi) *Endocrinology*

Provides medical services for common endocrine disease such as thyroid disorders hyper and hypothyroid, adrenal disorder and endocrine hypertension.

(vii) *Gastroenterology and Hepatology*

Provides medical services for a full spectrum of gastrointestinal tract conditions, including oesophagus, stomach and bowel disorders and liver, biliary system and pancreatic disorder.

(viii) *General Surgery*

Provides medical services for conditions relating to the lymphatic system, oesophageal and stomach, abdomen, pancreas, endocrine and others.

(ix) *Hand and Microsurgery*

Provides medical services for the surgery and reconstruction of the hand.

(x) *Hepatobiliary Surgery*

Provides medical services for surgery specific to benign and malignant diseases of the liver, pancreas and biliary tree.

(xi) *Nephrology*

Provides medical services for patients with kidney disease such as diabetic kidney disease, glomerular/vascular disorders and tubular/interstitial disorders.

(xii) *Neurology and Neurosurgery*

Provides medical services for conditions relating to the brain such as stroke, epilepsy and brain tumours.

(xiii) *O&G*

Provides medical services for women with all forms of feminine concerns, from intimate problems in the reproductive system to serious anatomical or systemic disorders such as general gynaecology, endometriosis, menopause, hormonal imbalance and polyps and cysts.

(xiv) *Oncology*

Provides medical services for cancer.

(xv) *Ophthalmology*

Provides medical services for the treatment of disorders and diseases of the eye.

(xvi) *Paediatrics and Paediatric surgery*

Provides medical services to treat children from their infancy to teenage years and surgery that involves foetuses, infants, children, adolescents, and young adults.

(xvii) *Plastic and Reconstructive Surgery*

Provides medical services for body contouring, facial aesthetics, and reconstructive surgery.

(xviii) *Podiatry*

Provides medical services for feet conditions such as foot and ankle pain, arthritis, and diabetic foot management.

(xix) *Psychiatry*

Provides medical services for psychiatric disorders such as psychological disorder (anxiety disorder, depressive disorder, bipolar and phobias), obsessive compulsive disorder, post-traumatic stress disorder, personality disorders, schizophrenia, paranoia and depression.

(xx) *Respiratory Medicine*

Provides medical services for respiratory conditions such as chronic cough, haemoptysis, tuberculosis, bronchiectasis, sarcoidosis, lung fibrosis and interstitial lung disease.

(xxi) *Urology*

Provides medical services for urology conditions such as benign prostate hyperplasia, bladder cancer, bladder stone and prostate cancer.

(xxii) *Vascular and Endovascular Surgery*

Provides medical services for problematic vessels such as varicose veins, spider's veins, thoracic aneurysm and dissections, and abdominal aortic aneurysm.

Specialised and other services

The specialised and other services segment includes services provided by the fertility clinics.

TMC Fertility Centre was established in January 1994 at Damansara Utama, Selangor. Besides the main facility located within THKD, TMC Fertility Centre has branches located in Johor Bahru, Penang, Puchong, Kepong and Ipoh. These branches enable more couples across Malaysia and in the region, who are seeking fertility treatment to benefit from the world-class fertility treatment and technologies offered at TMC Fertility Centre.

TMC Fertility Centre offers a complete range of technologically-advanced fertility treatments including Pre-Implantation Genetic Screening/Diagnosis services. TMC Fertility Centre is led by an experienced and dedicated team of fertility specialists, embryologists and geneticists.

**(c) Business Overview of VBHC**

Strategically located in Iskandar Malaysia and in Johor Bahru's City Centre, the VBHC is conceived as an integrated health and wellness development made up of medical, wellness and educational facilities. The freehold VBHC sits on a waterfront site overlooking the Straits of Johor and is conveniently located within 1 kilometre from the Causeway connecting Johor Bahru and Singapore.

VBHC is envisioned as a vibrant hub comprising medical facilities such as a general hospital, a specialist hospital, a community hospital and long-term care facilities. There will also be health sciences education and training facilities, and a purpose-built urban wellness hotel and resort, incorporating retail and other related services.

The Issuer may, as part of its ongoing review of its business, from time to time assess market interests as well as evaluate all options available to it, including any potential divestment and/or partnership opportunities.

**4. STRATEGY**

**(a) Continued growth in the Group's Singapore and Malaysia operations and to develop a Pan-Asian integrated private healthcare platform**

The Group's long-term vision is to continue growing its Singapore and Malaysia operations and use it as a springboard to develop a Pan-Asian integrated private healthcare platform.

In Singapore, the Group plans to grow its operations through the addition of more specialist clinics and medical facilities. Since 2010, Thomson Medical has doubled the number of specialist clinics and centres from 16 to 35 to support its flagship hospital operations. Thomson Medical intends to continue to add more specialist clinics and centres to its network in Singapore and broaden its service offerings. This will enable Thomson Medical to strengthen its position as the leading private provider of women and children's healthcare services in Singapore and grow beyond its current core services to become a provider of multi-specialty health services. Areas of expansion of services include additional women and children's specialist clinics, fertility, oncology, cardiology, TCM and wellness and lifestyle-related services. As part of this strategy, the Group announced plans to develop its first integrated service platform or nodal centre at Paragon Medical Centre, which will house the Group's flagship centres for Thomson Wellth, Thomson Fertility Centre, Thomson Obstetrics and Gynaecology and Thomson TCM. There will also be a new Thomson Breast Centre that is targeted to open in the second half of 2019.

In Malaysia, the Group has plans to grow its hospital network through the expansion of THKD and construction of the Thomson Iskandar Medical Hub, as well as to set up more clinics and centres. Plans have commenced to expand THKD to become one of the largest integrated healthcare campuses in the Klang Valley, Kuala Lumpur, Malaysia, serving the population in one of the fastest growing middle-class enclaves in the area. The expansion plan for THKD to house another 400 beds has commenced construction. The expanded THKD will have 10 operating theatres, 154 outpatient clinics, 9 delivery suites, 2 catheterisation labs and a full-fledged cancer centre with chemotherapy and radiosurgery services. It is targeted to be completed by the end of 2020. This expansion plan will be funded from existing cash balances, future operating cash flow and debt financing. Post-completion of the expansion, there are another two acres of land on the current THKD site available for additional future development.

The Group has also commenced piling works on its Thomson Iskandar Medical Hub project (comprising a 500-bed tertiary hospital, 400-suite medical tower and complementary retail space to facilitate and provide ancillary services to the operation of the hospital and medical suites) in Johor Bahru, Malaysia. The development of the project is subject to further regulatory approval. There are also plans to open new fertility centres in Malaysia.

These expansion plans allow the Group to build on its strong foundation of healthcare businesses in Singapore and Malaysia and expand geographically into key Asian markets to capture rising demands for high quality services, helping the Group to achieve its vision of becoming the preferred Pan-Asian health system of choice to provide the highest quality of health and medical services in the region.

**(b) Accelerate plans to capture growth of medical tourism in the region**

The Group believes that its strategically located hospitals and clinics in Singapore and Malaysia will benefit from the growing demand of medical tourism in the region. For example, TMC Fertility clinics in Penang, Kota Damansara and Johor Bahru see a significant number of medical tourists due to their proximity to neighbouring countries such as Indonesia and Singapore.

Additionally, the Thomson Iskandar Medical Hub will also be located near the Woodlands Causeway as well as the proposed Rapid Transit System Station at Bukit Chagar (connected to the Thomson-East Coast MRT line) and is thus well placed to provide high quality medical care and services to both the local Johor population and patients from Singapore. In addition, Singapore and Malaysia are located near other Southeast Asian countries with growing upper and middle income classes. Furthermore, the strength of the Group's brand, as well as the quality of its services and the location of its facilities position it to tap onto this growing demand for quality healthcare services. The Group intends to step up its marketing efforts in the region so as to allow its healthcare assets to capture the burgeoning medical tourism market.

**(c) Attract and retain healthcare personnel**

Being able to attract and retain doctors, nurses and other healthcare professionals of the highest quality is critical to the Group's plans to expand its hospital and clinics network. The Group focuses on the continuous professional development of its doctors and nurses through conferences, seminars and training workshops, so that they are at the forefront of medical excellence. Similarly, the Group invests resources to train and upgrade the skills of its allied health professionals and TCM physicians to further enhance their medical acumen.

In 2018, 62% of the Group's Singapore employees have attended a total of more than 7,010 hours of training courses and developmental programmes specific to their roles, equipping themselves with new skills and knowledge to not only take on larger roles in the organisation, but more importantly to better serve the Group's ever growing patient base.

Likewise in Malaysia, the Group has invested heavily in the development and training of its staff. In 2018, 89% of the Group's Malaysia employees clocked more than 18,000 training hours in total. Training provided to employees are regardless of their area of discipline and focuses on improving quality outcomes, teamwork, customer experience, communications and interpersonal skills.

The Group believes that it offers a conducive working environment with quality brand names, ongoing training initiatives as well as personal career development opportunities and will continue to strengthen its reputation and brand names and to ensure that its working environment continues to be attractive and conducive to healthcare professionals.

**(d) Strategic acquisition of further healthcare assets**

The Group believes there are attractive opportunities to expand internationally through acquisitions and joint ventures, including forging strategic partnerships with world-renowned institutions and groups to bring experts and world-class expertise to the Group. The Group intends to develop its presence across Singapore, Malaysia as well as markets where the Group has identified strong growth potential and where it can leverage existing capabilities and its reputation to develop an integrated healthcare value chain replicating the efforts in Singapore to provide a continuum of healthcare services from pre-conception to healthcare in the silver years. The Group is confident that through its established operations in Singapore and Malaysia, it is able to leverage its expertise to continue building its footprint in the region.

The Group has also acquired the SmartParents.sg digital platform which is a portal targeted at parents, allowing the strategic combination of the Group's strong heritage in healthcare and SmartParents' popular digital platform to create a unique one-stop resource fortified by the medical expertise and experience of a well-regarded healthcare facility. This acquisition is also part of the Group's strategic transformation into a modern integrated health, medical and lifestyle platform, with SmartParents extending and expanding its outreach to become the premier digital community for parents in Singapore and the region.



## 5. COMPETITIVE STRENGTHS

### (a) Strong heritage and brand equity as a trusted provider of O&G, paediatric and fertility services

Since the opening of Thomson Medical Centre in 1979 and THKD in 2008, both hospitals have built up a strong heritage and legacies in the women and children sector by offering high quality, affordable healthcare solutions and superior service experiences to their patients. Many families have had generations of children delivered in Thomson Medical Centre.

THKD has received accreditation from the Malaysian Society for Quality in Health since 14 September 2013. Thomson Fertility Centre achieved RTAC certification in 2012 and obtained re-accreditation in 2015 and 2018. TMC Fertility Centre also obtained RTAC certification in 2015 and 2018.

The success of the Group's brands has allowed it to benefit from the growth of medical tourism in the region, as overseas patients increasingly recognise such brands. For example, TMC Fertility Centre was awarded the prestigious "International Fertility Clinic of the Year" by International Medical Travel Journal in 2016, 2017 and 2018. Please refer to the section entitled "Awards and Certifications" from pages 121 to 127 of this Information Memorandum for more details on the accreditations received by the Group.

### (b) Experienced senior management team with proven track record

The senior management team of the Issuer, led by the directors, has extensive experience in the healthcare space in Singapore and Malaysia. The members of the Issuer's board of directors possess extensive industry experience and are instrumental to continuing the successful operations and growth of the Group in the region.

The leadership teams in both Singapore and Malaysia comprise strong and highly experienced industry professionals and are led by Mr Quek Hong Sheng Roy, the current Chief Executive Officer and Executive Director who first joined the Group as the Executive Chairman of the board of directors of Thomson Medical in November 2015. Please refer to the section entitled "Directors" on pages 128 and 129 of this Information Memorandum for further information on Mr Quek Hong Sheng Roy.

The senior management team in Singapore and Malaysia comprises Mr Quek Hong Sheng Roy, Mr Wilson Sam, Ms Mega Shuen, Mr Tan Zing Yuen, Ms Wan Nadiyah Binti Wan Mohd Abdullah Yaakob, and Mr Wong Yu Chee. Please refer to the section entitled "Senior Management" on pages 131 and 132 of this Information Memorandum for further information on the senior management team.

### (c) The Group represents one of the leading private providers of healthcare services for women and children in Singapore and a leading provider of IVF services in Malaysia

In Singapore, the Group operates the 187-bed Thomson Medical Centre and 35 specialist clinics and centres. In Malaysia, the Group operates the 205-bed THKD hospital and 6 TMC Fertility Centres. These facilities provide a range of specialist medical services with a focus on women and children, laboratory services, radiology and imaging facilities, general healthcare and wellness, TCM and fertility treatment. The Group aims to provide lifelong healthcare to patients of all ages, and as a result, many patients have returned to the hospitals and clinics operated by the Group for their healthcare needs.

The Group believes that the fertility treatments provided by Thomson Medical and TMCLS represent one of the most comprehensive range of technologically advanced treatments, making the Group one of the leading service providers in the private IVF sector in the region. The Group delivered Singapore's first IVF triplets in September 1988 and Singapore's and South East Asia's first surviving IVF quadruplets in May 1989. Increased infertility, delayed childbearing and various lifestyle changes are some of the prevailing characteristics among the growing middle class in Asia that significantly contribute to the growing IVF industry. As an established provider of IVF services, the Group believes that it is well placed to play a vital role in meeting the IVF demands in the region.

In addition, the Group also offers services such as childbirth education and Thomson-branded products, which complement its core specialties and lead to enhanced customer engagement and loyalty.

**(d) “Hub-and-spoke” model creates synergies**

The Group utilises a nationwide “hub-and-spoke” model in Singapore, which allows it to offer its services to customers within a wide geographical spread. In Singapore, the Group operates the Thomson Medical Centre in Thomson Road, and 35 clinics and centres spread out across the island, providing specialist women, paediatric and other services.

The Group's “hub-and-spoke” model facilitates deeper service penetration within regions, strengthening its brands and driving patient acquisitions. More importantly, it provides convenience to patients. The “hub” is centrally located in Singapore while the “spokes” connect it to the clinics and centres located in the main satellite population centres across the island and act as conduits to drive patients to the “hub” when inpatient services are required. Locating the clinics and medical centres in main satellite population centres makes it more convenient for patients to consult the specialists and allows them to avail themselves to the facilities and treatments in these clinics and centres. More clinics are also being set up in new satellite towns with younger families which provide a growing pool of potential patients.

**(e) Strategic location of THKD**

Strategically located in Kota Damansara, Petaling Jaya, THKD is located next to the Kota Damansara Mass Rapid Transit station and three kilometres away from the North Klang Valley Expressway highway. THKD's proximity to Mass Rapid Transit services, as well as major highways and roads such as the North Klang Valley Expressway, Damansara-Puchong Expressway and the upcoming Damansara-Shah Alam Elevated Expressway for ingress and egress, provides good accessibility to patients. The Kota Damansara township has experienced significant population and economic growth, with new condominiums and mixed development projects launched over the last few years. Coupled with the lack of comprehensive tertiary private hospitals in the surrounding neighbourhoods, THKD is well-positioned to benefit from the increased demand for healthcare services from the local population, and also any future growth opportunities from the region.

**(f) Ability to attract and retain highly-trained and experienced doctors**

The strong brand positioning and reputation of the Group for clinical excellence, premium healthcare facilities and advanced medical technology enables the Group to attract highly skilled and experienced doctors and medical support staff. The Group believes that its doctors are highly experienced and highly regarded within their respective specialties. In addition, the Group believes that the concentration of highly skilled professionals within its group creates a high-performance culture and environment which attracts and further encourages other quality personnel to join it.

## 6. INTELLECTUAL PROPERTY

The business of the Group is reliant on its branding and intellectual property rights. Accordingly, the Group protects its intellectual property by obtaining appropriate registrations where it makes economic and business sense to do so. The Group has 90 registered trademarks and intellectual property rights, consisting of among others its “Thomson”, “Thomson Medical”, and “Thomson Wellth” brands, across the jurisdictions that it operates in. The Group is not engaged in any material litigation or legal proceedings in respect of its intellectual property.

## 7. AWARDS AND CERTIFICATIONS

As a testament to its commitment to service and quality, the Group has received numerous awards and certifications over the years, some of which are set out below.

### Awards achieved by Thomson Medical and its subsidiaries

| <b>Award</b>   | <b>Awarding Organisation</b> | <b>Year Awarded</b> | <b>Description for Award</b>  |
|--|------------------------------|---------------------|---|
| Parents World Best of the Best 2019 – Best Private Hospital for Maternity Healthcare | Parents World Magazine       | 2019                | Recognition as the best private hospital with the most comprehensive facilities and services in maternity care  |
| Parents World Best of the Best 2019 – Most Nutritious Confinement Food Service       | Parents World Magazine       | 2019                | Award recognising the best in class for confinement meals   |
| Singapore Health Quality Service Award   | SingHealth                   | 2019                | Singapore Health Quality Service Award Winners – 49 Silver & 21 Gold<br><i>(The Singapore Health Quality Service Award honours healthcare professionals who have delivered quality care and excellent service to patients.)</i> |
| Paediatric Service Provider of The Year  | Global Health & Travel       | 2019                | Awarded for outstanding achievement in the provision of overall paediatric services   |
| Health Screening Provider of The Year  | Global Health & Travel       | 2019                | Awarded for outstanding achievement in the provision of lifestyle health and wellness screening services  |
| Singapore Health Quality Service Award   | SingHealth                   | 2018                | Singapore Health Quality Service Award Winners – 52 Silver & 7 Gold   |

| <b>Award</b>  | <b>Awarding Organisation</b>                        | <b>Year Awarded</b> | <b>Description for Award</b>   |
|---|---|---------------------|--|
| Best Integrated Healthcare Clinic of the Year   | Global Health & Travel                              | 2018                | Recognition of the contribution of leading medical players in the region, and celebrates their success         |
| Paediatric Service Provider of The Year   | Global Health & Travel                              | 2018                | Awarded for outstanding achievement in the provision of overall paediatric services                            |
| Women's Health and Wellness Service Provider of The Year                                | Global Health & Travel                              | 2018                | Awarded for outstanding achievement in the provision of women's health and wellness services                   |
| Parents World Best of the Best 2018 – Best Private Hospital for Maternity Care          | Parents World Magazine                              | 2018                | Recognition as the best private hospital with the most comprehensive facilities and services in maternity care |
| Parents World Best of the Best 2018 – Most Nutritious Confinement Food Delivery Service | Parents World Magazine                              | 2018                | Award recognising the best in class for confinement meals  |
| Best Card-Based Loyalty Programme – Bronze Award  | Marketing Interactive's Loyalty & Engagement Awards | 2018                | Recognised as one of Singapore's best and first card-based loyalty programme in the healthcare sector          |
| Singapore Health Quality Service Award  | SingHealth  | 2017                | Singapore Health Quality Service Award Winners – 53 Silver & 4 Gold  |
| Best Integrated Healthcare Clinic of the Year   | Global Health & Travel                              | 2017                | Recognition of the contribution of leading medical players in the region, and celebrates their success         |
| Singapore SME 1000 Company 2017   | DP Information Network Pte Ltd                      | 2017                | Recognises financial performance of Singapore's SMEs   |
| Singapore Health Quality Service Award  | SingHealth  | 2016                | Singapore Health Quality Service Award Winners – 77 Silver & 8 Gold  |
| Singapore Health Quality Service Award  | SingHealth  | 2015                | Singapore Health Quality Service Award Winners – 55 Silver & 8 Gold  |

| <b>Award</b>  | <b>Awarding Organisation</b>           | <b>Year Awarded</b> | <b>Description for Award</b>   |
|---|--|---------------------|--|
| Parents World Best of the Best 2015 – Pregnancy Products & Service (Best in Nutritious Confinement Meals) | Parents World Magazine                 | 2015                | Award recognising the best in class for confinement meals  |
| Best Confinement Food Caterer   | Mother and Baby Magazine               | 2015                | Award for the best confinement food caterer  |
| Singapore Health Quality Service Award  | SingHealth                             | 2014                | Singapore Health Quality Service Award Winners – 55 Silver & 6 Gold  |
| Best Confinement Food Caterer   | Mother and Baby Magazine               | 2014                | Award for the best confinement food caterer  |
| Singapore Health Quality Service Award  | SingHealth                             | 2013                | Singapore Health Quality Service Award Winners – 3 Gold  |
| Programme Partner for the Training of Workers under the Pilot Confinement Nanny Training Programme        | Singapore Workforce Development Agency | 2012                | Was offered a funding package from the Singapore Workforce Development Agency as a programme partner for the training and placement of workers into confinement nanny jobs by offering training and assessment leading to certification under the Confinement Nanny Training Programme |
| May Day CBF Model Partnership Award   | National Trade Union Congress (NTUC)   | 2010                | Recognises and honours exemplary companies for their outstanding efforts in caring for workers, ensuring fair workplace practices for workers and growing with them  |

**Certifications achieved by Thomson Medical and its subsidiaries**

| <b>Certification</b>   | <b>Certification Body</b> | <b>Year Certified</b> | <b>Description for Certification</b>   |
|--|---------------------------|-----------------------|--|
| Certificate of Registration to Reproductive Technology Accreditation Committee Code of Practice for Assisted Reproductive Technology Units (International Edition, 2014) | RTAC                      | 2018                  | Recognition of compliance with the requirements of the Fertility Society of Australia's Code of Practice for Assisted Reproductive Technology Units International Edition (2014) for the Provision of Fertility Services, Specialist Medical Consulting, Embryology Laboratory and IVF Clinic<br><br><i>(The certificate is valid until 8 February 2020.)</i>  |
| Certificate of Registration to Reproductive Technology Accreditation Committee Code of Practice for Assisted Reproductive Technology Units (International Edition, 2014) | RTAC                      | 2015                  | Recognition of compliance with the requirements of the Fertility Society of Australia's Code of Practice for Assisted Reproductive Technology Units International Edition (2014) for the Provision of Fertility Services, Specialist Medical Consulting, Embryology Laboratory and IVF Clinic<br><br><i>(The certificate was valid until 8 February 2018.)</i> |
| Certificate of Registration (Service Certification (RTAC))   | RTAC                      | 2012                  | Recognition of compliance with the Fertility Society of Australia's Code of Practice for Assisted Reproductive Technology Units for the provision of Fertility Services, Specialist Medical consulting, Embryology Laboratory and IVF Clinic<br><br><i>(The certificate was valid until 8 February 2015.)</i>  |



### Awards achieved by TMCLS and its subsidiaries

| <b>Award</b>   | <b>Awarding Organisation</b>         | <b>Year Awarded</b> | <b>Description for Award</b>   |
|--|--------------------------------------|---------------------|--|
| Highest Number of IVF Babies Produced by a Single IVF Practice       | The Malaysia Book of Records         | 2018                | Highest number of IVF babies produced by a single IVF practice (5,388 babies)  |
| CSR Excellence Award   | Sin Chew Business Excellence Awards  | 2018                | Awarded for the CSR initiative Pink October (“POP”), whereby the primary aim of this project is to raise fund for survivors, creating awareness and educating the public about breast cancer |
| International Fertility Centre of The Year & Best Quality Initiative | International Medical Travel Journal | 2018                | Awarded for outstanding achievement in the provision of fertility services   |
| Best Marketing Initiative  | International Medical Travel Journal | 2018                | Awarded for the CSR initiative POP, whereby the primary aim of this project is to raise fund for survivors, creating awareness and educating the public about breast cancer                  |
| Service Delivery Innovation Initiative of the Year                   | Healthcare Asia Awards               | 2018                | Awarded for outstanding achievement in the provision of MedEx@Pharmacy initiative  |
| Fertility Service Provider of The Year                               | Global Health & Travel               | 2018                | Awarded for outstanding achievement in the provision of fertility services across six (6) centres in Malaysia  |
| Women’s Health and Wellness Service Provider of The Year             | Global Health & Travel               | 2018                | Awarded for outstanding achievement for the provision of services encompassing women’s health and wellness   |
| Women’s Health and Wellness Service Provider of The Year             | Global Health & Travel               | 2018                | Awarded for outstanding customer service provided, delighting the customers at every stage and in every interaction as well gaining customers’ satisfaction.                                 |
| ENT Service Provider of The Year                                     | Global Health & Travel               | 2018                | Awarded for outstanding achievement in the provision of ENT, Head and Neck laser surgery.  |
| Diabetes Service Provider of The Year                                | Global Health & Travel               | 2018                | Awarded for outstanding achievement in the provision of services at the Diabetes, Obesity & Metabolic Centre   |
| International Fertility Centre of The Year                           | International Medical Travel Journal | 2017                | Awarded for outstanding achievement in the provision of fertility services   |

| <b>Award</b>   | <b>Awarding Organisation</b>         | <b>Year Awarded</b> | <b>Description for Award</b>  |
|--|--------------------------------------|---------------------|---|
| Fertility Service Provider of The Year                         | Global Health & Travel               | 2017                | Awarded for outstanding achievement in the provision of fertility services    |
| Malaysia Fertility Centre of The Year                          | Frost & Sullivan                     | 2017                | Awarded for outstanding achievement in the provision of fertility services    |
| International Fertility Centre of The Year                     | International Medical Travel Journal | 2016                | Awarded for outstanding achievement in the provision of fertility services    |
| Fertility Service Provider of The Year                         | Global Health & Travel               | 2016                | Awarded for outstanding achievement in the provision of fertility services    |
| Malaysia Fertility Centre of The Year                          | Frost & Sullivan                     | 2016                | Awarded for outstanding achievement in the provision of fertility services    |
| Highest Number of IVF Babies Produced by a Single IVF Practice | The Malaysia Book of Records         | 2013                | Highest number of IVF babies produced by a single IVF practice (3,210 babies) |

**Certifications achieved by TMCLS and its subsidiaries**

| <b>Certification</b>   | <b>Certification Body</b> | <b>Year Certified</b> | <b>Description for Certification</b>   |
|--|---------------------------|-----------------------|--|
| Certificate of Registration to Reproductive Technology Accreditation Committee Code of Practice for Assisted Reproductive Technology Units (International Edition, 2014) | RTAC                      | 2018                  | Recognition of compliance with the requirements of the Fertility Society of Australia's Code of Practice for Assisted Reproductive Technology Units International Edition (2014) for the Provision of Assisted Reproductive Technology Services<br><br><i>(The certificate is valid until 9 September 2020.)</i> |

| <b>Certification</b>   | <b>Certification Body</b>               | <b>Year Certified</b> | <b>Description for Certification</b>   |
|--|---|-----------------------|--|
| Accreditation Award  | Malaysian Society for Quality in Health | 2017                  | <p>Recognition of compliance with the Malaysian Hospital Accreditation Standards with respect to:</p> <ul style="list-style-type: none"> <li>• Organisation and Management;</li> <li>• Human Resource Development and Management;</li> <li>• Policies and Procedures;</li> <li>• Facilities and Equipment;</li> <li>• Quality Improvement Activities; and</li> <li>• Special Requirements</li> </ul> <p><i>(The Accreditation Award is valid from 14 September 2017 to 13 September 2021.)</i></p> |
| Certificate of Registration to Reproductive Technology Accreditation Committee Code of Practice for Assisted Reproductive Technology Units (International Edition, 2014) | RTAC                                    | 2015                  | <p>Recognition of compliance with the requirements of the Fertility Society of Australia's Code of Practice for Assisted Reproductive Technology Units International Edition (2014) for the Provision of Assisted Reproductive Technology Services</p> <p><i>(The certificate was valid until 8 September 2018.)</i></p>   |
| Accreditation Award  | Malaysian Society for Quality in Health | 2013                  | <p>Recognition of compliance with the Malaysian Hospital Accreditation Standards with respect to:</p> <ul style="list-style-type: none"> <li>• Organisation and Management;</li> <li>• Human Resource Development and Management;</li> <li>• Policies and Procedures;</li> <li>• Facilities and Equipment;</li> <li>• Quality Improvement Activities; and</li> <li>• Special Requirements</li> </ul> <p><i>(The Accreditation Award is valid from 14 September 2013 to 13 September 2017.)</i></p> |

## 8. BOARD OF DIRECTORS, SENIOR MANAGEMENT AND LEGAL REPRESENTATIVES

### DIRECTORS

The Group's Board of Directors is entrusted with the responsibility for the overall management of the Group. The Group's Directors' particulars are listed below:

| <b>Name</b>               | <b>Position</b>                                |
|---------------------------|--|
| Mr Ng Ser Miang           | Non-Executive and Independent Chairman         |
| Mr Quek Hong Sheng Roy    | Executive Director and Chief Executive Officer |
| Mr Wilson Sam             | Executive Director and Chief Financial Officer |
| Mr Heng Kim Chuan Freddie | Non-Executive and Non-Independent Director     |
| Mr Lim Wee Kiat           | Non-Executive and Non-Independent Director     |
| Mr Ong Pang Liang         | Non-Executive and Independent Director         |
| Dr Lam Lee G              | Non-Executive and Independent Director         |

#### Notes:

- (1) Save for Mr Lim Wee Kiat who is the son of controlling shareholder Mr Lim Eng Hock, none of the Issuer's Directors is related by blood or marriage to one another or to substantial shareholder of the Issuer.
- (2) Save for Dr Lam Lee G who is an Independent Director of TMCLS, none of the Issuer's independent directors sit on the board of any of the Group's principal subsidiaries that are based in jurisdictions other than Singapore.

Information on the business and working experience of the Group's Directors is set out below:

#### **Mr Ng Ser Miang**

Mr Ng was appointed Non-Executive Independent Chairman on 1 December 2015. He was re-appointed on 24 April 2018. He currently chairs the Nominating and Remuneration Committee and Investment Committee.

Mr Ng holds directorships in various companies and is also Singapore's non-resident Ambassador to Norway. He is a Chairman of Dunman High School Advisory Committee, Chairman of the Singapore Olympic Foundation and Fundacion Valencia Club de Futbol De La Comunidad Valenciana, and an Executive member of the International Olympic Committee and chairs its Finance Commission. Mr Ng was also a Nominated Member of Parliament from 2002 to 2005.

Mr Ng has received multiple honours and awards in recognition of his contributions to public service, including SG50 Outstanding Chinese Business Pioneers Award, the National Trades Union Congress Distinguished Service (Star) Award, Meritorious Service Medal by the Singapore Government and the Commander's Cross – Order of Merit (Civil Division) from the Hungarian President.

Mr Ng holds a Bachelor of Business Administration (Honours) degree from the University of Singapore and is a Chartered Fellow of the Chartered Institute of Transport.

#### **Mr Quek Hong Sheng Roy**

Mr Quek was appointed to the Board on 25 April 2018. He is currently Executive Director and Chief Executive Officer of the Group. He leads and manages the Group and works actively with the Board and management to set the focus and strategic direction to grow the business.

Mr Quek joined the Singapore Civil Service in 1994 and was a member of the elite Administrative Service. Prior to joining the private sector, he had served in various Ministries including Defence, Education, Community Development, Youth and Sports, Health, Home Affairs and the Prime Minister's Office.

Among his key achievements during his distinguished career in the public sector was the pivotal role he played as Founding Director of the National Population Secretariat in the Prime Minister's Office. While in the Ministry of Education, he spearheaded efforts to develop a more holistic education system. In the Ministry of Health in Singapore, he played a key role in rolling out the Singapore Healthcare 2020 Masterplan.

In 2008, Mr Quek was awarded the Public Administration Medal (Silver) in recognition of his outstanding contributions.

Mr Quek holds a Master in Public Administration degree from Peking University and a Bachelor of Science in Economics degree from the London School of Economics and Political Science.

### **Mr Wilson Sam**

Mr Wilson Sam was appointed to the Board on 15 March 2019 as Executive Director and Chief Financial Officer of the Group. Mr Sam is responsible for providing leadership to the Group's financial and management reporting, corporate finance, treasury, investor relations and corporate and regulatory compliance. Mr Sam holds directorship in various companies and is currently an Alternate Director of TMCLS.

Mr Sam has close to 20 years of experience in finance, private equity and investment banking in Singapore. Prior to joining the Group, he was with Kestrel Capital Pte Ltd as Senior Vice President (Investments) where he was responsible for merger and acquisition activities and investment execution and management.

Mr Sam obtained a Bachelor of Business Studies (Honours) degree with a major in financial analysis and a minor in accountancy from Nanyang Technological University. He is also a CFA charterholder, a CAIA charterholder and holds FRM certification.

### **Mr Heng Kim Chuan Freddie**

Mr Heng was appointed to the Board on 25 April 2018. He sits on the Audit and Risk Management Committee and Investment Committee. He is currently an Independent Director of Synertec Corporation Limited.

Mr Heng graduated from the London School of Economics and Political Science with a Bachelor of Science (Economics) degree. He joined Arthur Andersen & Co (London) in 1977 and was transferred to the Singapore Office in 1981, where he remained till 1985.

Mr Heng had previously served as a member of the board of directors in a number of Singapore public listed companies, including several years as Executive Director in Van Der Horst Limited. He is also an independent financial and management consultant, covering mainly areas of general business and financial consulting, mergers and acquisitions.

### **Mr Lim Wee Kiat**

Mr Lim was appointed to the Board on 15 March 2019 as Non-Executive and Non-Independent Director. He currently sits on the Nominating and Remuneration Committee and Investment Committee.

After graduating from the University of New South Wales Australia with a degree in Bachelor of Science in Psychology, Mr Lim started his career with Kestrel Capital Pte Ltd as Vice President (Investments). He was involved in various investments and corporate finance transactions, including a very substantial acquisition, and a distribution in-specie.

Mr Lim has an extensive network of business contacts and was involved in business development activities for the RSP Group where he brought in regional business opportunities. He was also involved in starting new companies together with likeminded entrepreneurs to invest in emerging sectors such as healthcare technology, technology-related platforms and E-sports. Mr Lim holds directorships in various companies that he has co-founded or invested in.

### **Mr Ong Pang Liang**

Mr Ong was appointed to the Board on 1 January 2016 and was last re-appointed on 24 April 2018. He currently chairs the Audit and Risk Management Committee and sits on the Nominating and Remuneration Committee and Investment Committee.

Mr Ong has over 25 years of experience in banking and finance. He was formerly the Chief Financial Officer of Rowsley Ltd (now known as Thomson Medical Group Limited) in 2008-2010 and the Finance Director of Avarga Ltd in 2010-2012.

Mr Ong was previously the Managing Director and head of foreign exchange at Bank of America, Singapore and Shanghai Branches and a management committee member of Bangkok Bank Singapore, with responsibilities for business groups and risk management functions in liquidity, balance sheet, and market risks of the banks. He is currently an Independent Director of Secura Group Limited.

Mr Ong holds a Bachelor of Business Administration degree from the University of Singapore.

### **Dr Lam Lee G**

Dr Lam was appointed to the Board on 2 May 2019 as a Non-Executive and Independent Director. He currently sits on the Audit and Risk Management Committee.

Dr Lam has over 30 years of international experience in general management, strategy consulting, corporate governance, direct investment, investment banking and fund management across diverse industries such as consumer and healthcare, telecommunications, media and technology, infrastructure, real estates, energy and resources and financial services sectors. Dr Lam is Chairman of Hong Kong Cyberport Management Company Limited, and Non-Executive Chairman – Hong Kong and ASEAN Region and Chief Adviser to Macquarie Infrastructure and Real Assets Asia. He also serves on the board of directors, the investment committee and the advisory committee of a number of publicly-listed companies, investment funds and NGOs in the Asia Pacific region.

Dr Lam holds a BSc in Sciences and Mathematics, an MSc in Systems Science and an MBA from the University of Ottawa in Canada, an LLB (Hons) in Law from Manchester Metropolitan University in the UK, a LLM in Law from the University of Wolverhampton in the UK, and an MPA and a PhD from the University of Hong Kong. A former member of the Hong Kong Bar, Dr Lam is a Solicitor of the High Court of Hong Kong.



## SENIOR MANAGEMENT

The day-to-day operations of the Group are entrusted to an experienced and qualified team of Executive Officers. The particulars of the Executive Officers are set out below:

| <b>Name</b>                                   | <b>Position</b>   |
|---|---|
| Mr Quek Hong Sheng Roy                        | Executive Director and Group Chief Executive Officer  |
| Mr Wilson Sam                                 | Executive Director and Group Chief Financial Officer  |
| Ms Mega Shuen                                 | Chief Executive Officer (Thomson Medical)   |
| Mr Tan Zing Yuen                              | Chief Risk Officer, Director of Group Finance and Chief Financial Officer (Thomson Medical) |
| Ms Wan Nadiyah Binti Wan Mohd Abdullah Yaakob | Group Chief Executive Officer (TMCLS) and Chief Executive Officer (THKD)                    |
| Mr Wong Yu Chee                               | Group Chief Financial Officer (TMCLS)   |

### Notes:

- (1) None of the Issuer's Executive Officers is related to one another, the Issuer's Directors or to the Issuer's substantial shareholders.

Information on the business and working experience of the Issuer's Executive Officers is set out below:

### **Mr Quek Hong Sheng Roy**

Please refer to pages 128 and 129 for information on Mr Quek Hong Sheng Roy.

### **Mr Wilson Sam**

Please refer to page 129 for information on Mr Wilson Sam.

### **Ms Mega Shuen**

Ms Shuen is the Chief Executive Officer of Thomson Medical. She joined Thomson Medical as Chief Operating Officer in October 2008 and was promoted to General Manager in 2011 and Chief Executive Officer in December 2017. Prior to joining Thomson Medical, Ms Shuen was with National University Hospital (NUH) from 2001 to 2008 where her last held position was Director of Operations. During her tenure in NUH, she was instrumental in NUH achieving several quality awards including triple ISO certification and the Joint Commission International (JCI) accreditation, the first hospital in Singapore to do so.

From 1994 to 2000, Ms Shuen was the Operations Manager of HMI Balestier Hospital, where she was involved in the company's regional projects in Malaysia. She started her career as a Pharmacist with Guardian (SEA) in 1987 and over the 8 years there, she held numerous positions including Pharmacy Manager, Training Manager and Area Manager.

Ms Shuen holds a Bachelor (Hons) degree in Pharmacy from University of Bradford, England and Post Graduate Diplomas in Business Administration and Personnel Management from Singapore Institute of Management and a Post Graduate Diploma in Marketing from the Marketing Institute of Singapore. She also holds a LEAN Healthcare Certificate from the College of Engineering, University of Michigan, U.S.

### **Mr Tan Zing Yuen**

Mr Tan is the Chief Risk Officer and Director of Group Finance of the Issuer and Chief Financial Officer of Thomson Medical. Mr Tan joined Thomson Medical in September 2009 as Chief Financial Officer. From 2006 to 2009, Mr Tan was the Group Financial Controller in the Mediacorp Group. From 2002 to 2006, Mr Tan was the Chief Financial Officer of Energy Market Company Pte Ltd. Prior to this, Mr Tan has held key financial positions in several public listed companies namely, as Finance Director in Courts Singapore Limited and as Chief Financial Officer of Nippecraft Limited Group and Flairis Technology Corporation Limited Group. Mr Tan began his career in 1980 as an Audit Assistant with the then Price Waterhouse, now known as PricewaterhouseCoopers (“PwC”).

Mr Tan holds a Bachelor of Accountancy degree from University of Singapore and is a Fellow Member of the Institute of Singapore Chartered Accountants.

### **Ms Wan Nadiah Binti Wan Mohd Abdullah Yaakob**

Ms Nadiah is the Group Chief Executive Officer of TMCLS and was appointed Executive Director of TMCLS in February 2019. She is also the Chief Executive Officer of THKD since June 2017.

Prior to joining TMCLS and THKD, Ms Nadiah was the Chief Operating Officer at Sunway Medical Centre after being promoted from Director of Business Development and Corporate Communications in October 2016. She started her career at The Boston Consulting Group in 2007 as an Associate Consultant before joining Sunway Group as Manager, Strategy and Corporate Development in 2010.

Ms Nadiah holds a Master of Science in Public Health (Nutrition) degree from the London School of Hygiene and Tropical Medicine, UK and an AB cum Laude in Biochemical Sciences from Harvard College. She also serves as an Interviewer for Harvard College admissions and is an Exco member of the Harvard Club of Malaysia.

### **Mr Wong Yu Chee**

Mr Wong has over 22 years’ experience in finance, audit, accounting and tax compliance services in Malaysia and Shanghai. Mr Wong started his career in 1996, joining a local audit firm as auditor. He then joined Coopers & Lybrand in 1997, now known as PwC. Mr Wong spent almost eight years in PwC and specialised in assurance assignments of large multinational company, public listed companies in various industries, initial public offers and corporate exercises. Mr Wong joined GlaxoSmithKline then as Finance Manager before he left Malaysia to join Ernst & Young Shanghai in 2005. Mr Wong spent three years in Ernst & Young Shanghai focusing on statutory audit assignment, initial public offer assurance assignment, corporate exercise and US audit assignment until he joined TMF Shanghai in 2008, leading the accounting and tax compliance services in TMF Shanghai for two years.

Mr Wong relocated back to Malaysia in 2010, as Director of Accounting & Tax Compliance Services in TMF Malaysia where he spent five years helping businesses on accounting and tax compliance including GST advisory and compliance services in TMF Malaysia. Mr Wong then joined PCA Corporate Services Sdn Bhd in 2015 as Group Chief Operating Officer before joining TMCLS as Group Chief Financial Officer on 3 August 2015.

Mr Wong is a Fellow Member of the Association of Chartered Certified Accountants, member of Malaysian Institute of Accountants and Associate Member of Chartered Tax Institute of Malaysia.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

The tables set forth selected consolidated financial information of the Group for FY2017, FY2018, 1Q2018 and 1Q2019 and as at 31 March 2019. This selected financial information has been derived from, and should be read in conjunction with, the Audited Consolidated Financial Statements of Thomson Medical Group Limited and its subsidiaries for the Financial Year Ended 31 December 2018 and Unaudited consolidated Financial Statements of Thomson Medical Group Limited and its subsidiaries for the Three-Month Financial Period Ended 31 March 2019, including the notes thereto, which appear in Appendices II and III of this Information Memorandum.

During the financial year ended 31 December 2018, the Issuer completed the very substantial acquisition of Sasteria. The consolidated financial statements of the Group for the financial year ended 31 December 2018 have been prepared based on the pooling of interest method as the Issuer and Sasteria are under common control. Accordingly, the comparatives of FY2017 presented in the following tables and in Appendix II are unaudited, and have been restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the Group's consolidated financial statements. There is no assurance that if the comparatives of FY2017 had been audited or reviewed, there would be no change in such comparatives and that such changes would not be material. Consequently, such comparatives should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or a full review. Potential investors should exercise caution when using such data to evaluate the Group's business, financial condition, results of operations and prospects or as a basis for any investment decision.

## 1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|  | Unaudited | Audited  | Unaudited |          |
|--|-----------|----------|-----------|----------|
|  | FY2017    | FY2018   | 1Q2018    | 1Q2019   |
|  | \$'000    | \$'000   | \$'000    | \$'000   |
| <b><u>Continuing operations</u></b>  |           |          |           |          |
| <b>Revenue</b>   | 200,579   | 215,610  | 52,523    | 54,518   |
| Other income   | 7,643     | 6,126    | 1,735     | 1,406    |
| Inventories and consumables used   | (40,425)  | (44,657) | (10,693)  | (11,141) |
| Staff costs  | (57,522)  | (60,330) | (15,858)  | (16,395) |
| Depreciation and amortisation expenses   | (10,379)  | (11,528) | (2,799)   | (4,039)  |
| Other operating expenses   | (65,242)  | (68,038) | (16,821)  | (14,991) |
| <b>Profit from operating activities</b>  | 34,654    | 37,183   | 8,087     | 9,358    |
| Finance income   | 2,691     | 3,031    | 758       | 713      |
| Finance costs  | (9,890)   | (18,173) | (2,551)   | (6,135)  |
| <b>Net finance cost</b>  | (7,199)   | (15,142) | (1,793)   | (5,422)  |
| <b>Profit before tax from continuing operations</b>                            | 27,455    | 22,041   | 6,294     | 3,936    |
| Income tax expense   | (6,331)   | (7,341)  | (1,986)   | (1,921)  |
| <b>Profit from continuing operations, net of tax</b>                           | 21,124    | 14,700   | 4,308     | 2,015    |
| <b><u>Discontinued operation</u></b>   |           |          |           |          |
| Loss from discontinued operation, net of tax                                   | (40,421)  | (10,640) | (3,474)   | (2,260)  |
| <b>(Loss)/profit for the year/period</b>                                       | (19,297)  | 4,060    | 834       | (245)    |
| <b>Attributable to:</b>  |           |          |           |          |
| Owners of the Company, net of tax  |           |          |           |          |
| – Profit from continuing operations  | 16,269    | 10,843   | 3,270     | 1,192    |
| – Loss from discontinued operation   | (38,602)  | (8,682)  | (3,181)   | (2,205)  |
| <b>(Loss)/profit for the year/period attributable to owners of the Company</b> | (22,333)  | 2,161    | 89        | (1,013)  |
| Non-controlling interests, net of tax  |           |          |           |          |
| – Profit from continuing operations  | 4,854     | 3,857    | 1,038     | 823      |
| – Loss from discontinued operation   | (1,818)   | (1,958)  | (293)     | (55)     |
| <b>Profit for the year/period attributable to non-controlling interests</b>    | 3,036     | 1,899    | 745       | 768      |

## 2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | Unaudited | Audited | Unaudited |         |
|---|-----------|---------|-----------|---------|
|   | FY2017    | FY2018  | 1Q2018    | 1Q2019  |
| <b>(Loss)/profit for the year/period</b>  | (19,297)  | 4,060   | 834       | (245)   |
| <b>Other comprehensive income:</b>  |           |         |           |         |
| <i>Item that will not be reclassified to profit or loss</i>   |           |         |           |         |
| Net change in fair value of equity instruments at fair value through other comprehensive income (FVOCI) | –         | (878)   | (805)     | 62      |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                    |           |         |           |         |
| Net change in fair value of available-for-sale financial assets   | (101)     | –       | –         | –       |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss          | 143       | –       | –         | –       |
| Foreign currency translation  | 12,949    | (308)   | 18,851    | 3,970   |
| <b>Other comprehensive income for the year/period, net of tax</b>                                       | 12,991    | (1,186) | 18,046    | 4,032   |
| <b>Total comprehensive income for the year/period</b>   | (6,306)   | 2,874   | 18,880    | 3,787   |
| <b>Attributable to:</b>   |           |         |           |         |
| Owners of the Company   | (12,224)  | 806     | 14,678    | 2,260   |
| Non-controlling interests   | 5,918     | 2,068   | 4,202     | 1,527   |
| <b>Total comprehensive income for the year/period</b>   | (6,306)   | 2,874   | 18,880    | 3,787   |
| <b>Attributable to:</b>   |           |         |           |         |
| <b>Owners of the Company</b>  |           |         |           |         |
| Total comprehensive income from continuing operations, net of tax                                       | 27,085    | 7,991   | 18,453    | 4,465   |
| Total comprehensive income from discontinued operation, net of tax                                      | (39,309)  | (7,185) | (3,775)   | (2,205) |
| <b>Total comprehensive income for the year/period attributable to owners of the Company</b>             | (12,224)  | 806     | 14,678    | 2,260   |

### 3. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|   | Unaudited        | Audited          | Unaudited                 |
|---|------------------|------------------|---------------------------|
|   | FY2017           | FY2018           | As at<br>31 March<br>2019 |
|   | \$'000           | \$'000           | \$'000                    |
| <b>ASSETS</b>   |                  |                  |                           |
| <b>Non-current assets</b>   |                  |                  |                           |
| Property and equipment  | 400,743          | 345,784          | 351,680                   |
| Intangible assets   | 547,688          | 489,130          | 489,849                   |
| Investment in associates  | 27,321           | –                | –                         |
| Investment property   | 151,612          | 150,606          | 151,711                   |
| Right-of-use assets   | –                | –                | 15,660                    |
| Other investments   | 1,940            | –                | –                         |
| Deferred tax assets   | 532              | –                | –                         |
|   | 1,129,836        | 985,520          | 1,008,900                 |
| <b>Current assets</b>   |                  |                  |                           |
| Development property  | 143,152          | 142,916          | 143,956                   |
| Contract assets   | 32,422           | –                | –                         |
| Inventories   | 5,175            | 5,540            | 5,357                     |
| Trade and other receivables   | 57,301           | 22,939           | 23,841                    |
| Cash and short-term deposits  | 140,991          | 121,745          | 130,594                   |
|   | 379,041          | 293,140          | 303,748                   |
| Assets of disposal group classified as held for distribution                            | –                | 210,406          | –                         |
|   | 379,041          | 503,546          | 303,748                   |
| <b>Total assets</b>   | <b>1,508,877</b> | <b>1,489,066</b> | <b>1,312,648</b>          |
| <b>Current liabilities</b>  |                  |                  |                           |
| Contract liabilities  | 9,374            | 3,410            | 3,000                     |
| Trade and other payables  | 70,159           | 40,235           | 40,625                    |
| Amounts due to the ultimate controlling shareholder                                     | 437,391          | 9,811            | 9,811                     |
| Income tax payable  | 8,622            | 8,316            | 5,512                     |
| Interest-bearing loans and borrowings   | 100,120          | 236,636          | 236,858                   |
| Lease liabilities   | –                | –                | 5,318                     |
| Purchase consideration payable  | 800              | –                | –                         |
|   | 626,466          | 298,408          | 301,124                   |
| Liabilities directly associated with disposal group classified as held for distribution | –                | 57,603           | –                         |
|   | 626,466          | 356,011          | 301,124                   |
| <b>Net current (liabilities)/assets</b>   | <b>(247,425)</b> | <b>147,535</b>   | <b>2,624</b>              |



|   | Unaudited | Audited     | Unaudited                 |
|---|-----------|-------------|---------------------------|
|   | FY2017    | FY2018      | As at<br>31 March<br>2019 |
|   | \$'000    | \$'000      | \$'000                    |
| <b>Non-current liabilities</b>                                |           |             |                           |
| Deferred tax liabilities                                      | 11,150    | 6,960       | 7,321                     |
| Interest-bearing loans and borrowings                         | 121,102   | 341,665     | 341,807                   |
| Lease liabilities   | –         | –           | 10,342                    |
| Purchase consideration payable                                | 12,842    | –           | –                         |
| Provision   | 194       | 297         | 297                       |
|   | 145,648   | 348,922     | 359,767                   |
| <b>Total liabilities</b>                                      | 772,114   | 704,933     | 660,891                   |
| <b>Net assets</b>   | 736,763   | 784,133     | 651,757                   |
| <b>Equity attributable to owners of the Company</b>           |           |             |                           |
| Share capital   | 788,267   | 2,772,209   | 2,349,800                 |
| Accumulated losses  | (99,660)  | (97,499)    | (173,394)                 |
| Other reserves  | (67,471)  | (1,959,396) | (1,945,776)               |
| Reserve of disposal group classified as held for distribution | –         | (1,276)     | –                         |
|   | 621,136   | 714,038     | 577,418                   |
| Non-controlling interests                                     | 115,627   | 70,095      | 74,339                    |
| <b>Total equity</b>   | 736,763   | 784,133     | 651,757                   |
| <b>Total equity and liabilities</b>                           | 1,508,877 | 1,489,066   | 1,312,648                 |

#### 4. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the new SFRS(I) and Interpretations to SFRS(I)s (“SFRS(I) INT”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018. The adoption of these new/revised SFRS(I) and SFRS(I) INT did not result in any significant impact on the financial performance or position of the Group except for the following:

(a) *Application of SFRS(I) 1 First Time Adoption of SFRS(I)*

Prior to the adoption of SFRS(I), the Group measured its freehold land and buildings and improvements classified under property and equipment at fair value. Upon adoption of SFRS(I), the Group elected to regard the fair values of certain property and equipment as their deemed cost at the date of transition to SFRS(I) on 1 January 2017. As a result, fair value adjustment and asset revaluation reserve of S\$1,306,000 and S\$84,231,000 respectively have been reclassified to accumulated losses as at 1 January 2017 and S\$5,100,000 and S\$89,462,000 respectively have been reclassified to accumulated losses as at 31 December 2017.

(b) *Adoption of SFRS(I) 9 Financial Instruments*

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018. The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. There was no significant impact arising from the Group's adoption of SFRS(I) 9.

(c) *Adoption of SFRS(I) 16 Leases*

The Group adopted the SFRS(I) 16 *Leases* which took effect on 1 January 2019 using the modified retrospective approach. In compliance with the standard, the Group has applied a 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 payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

## 5. REVIEW OF RESULTS OF OPERATIONS

### 1Q2019 compared with 1Q2018

The Group registered an increase in quarterly revenue of 3.8% from S\$52.5 million in 1Q2018 to S\$54.5 million in 1Q2019. The increase was attributable mainly to higher overall inpatient load and higher average bill sizes in both hospital operations and ancillary services segment and specialised and other services segments. The Group's Adjusted EBITDA increased by 13.6% from S\$11.8 million to S\$13.4 million during the quarter mainly due to lower operating expenses as a result of adoption of the new SFRS (I) 16 *Leases*, which resulted in a corresponding increase in depreciation expenses. Excluding the effect from the adoption of SFRS (I) 16 *Leases*, the Group's Adjusted EBITDA remained stable.

Staff costs increased by 3.4% mainly due to higher manpower and wage costs.

Net finance costs were higher by S\$3.6 million mainly due to additional bank borrowings taken as part of the acquisition of the Healthcare Business.

The Group registered a lower net profit after tax from continuing operations of S\$2.0 million in 1Q2019. The decrease is mainly due to higher financing costs arising from bank borrowings taken for the acquisition of the Healthcare Business offset by better operating results of the Group.

The discontinued operation reported a loss, net of tax of S\$2.3 million in 1Q2019 compared to a loss of S\$3.5 million in 1Q2018. The loss was mainly attributable to unrealised foreign exchange loss of S\$1.0 million arising from exchange rate movement between Sterling Pound and Singapore dollars for the period under review.

### FY2018 compared with FY2017

Revenue for FY2018 increased by 7.5% or S\$15.0 million from S\$200.6 million in FY2017 to S\$215.6 million. The increase was mainly due to higher overall patient load and greater revenue intensity in both hospital operations and ancillary services segment and specialised and other services segments. The Group's Adjusted EBITDA remained stable at S\$51.7 million during the period.

Net finance costs were higher by S\$7.9 million mainly due to additional bank borrowings taken as part of the acquisition of the Healthcare Business and an increase in borrowing rates in FY2018 compared to FY2017.

The Group recorded a net profit after tax from continuing operations of S\$14.7 million in FY2018 compared to S\$21.1 million in FY2017. The decrease in the net profit after tax, apart from the reasons as explained above, was mainly attributed to the impairment loss on investment and development properties of S\$2.0 million and higher tax expense as a result of higher non-deductible expenses, lower utilisation of capital allowances and the absence of a one-off tax incentive utilised by a subsidiary in FY2017. The decrease in the net profit after tax was offset by the absence of one-off expenses incurred pursuant to the acquisition of the Healthcare Business in FY2017.

The discontinued operation reported a loss, net of tax of S\$10.6 million in FY2018 compared to a loss of S\$40.4 million in FY2017. The loss was mainly attributed to lower impairment loss on goodwill of S\$7.9 million compared to last year of S\$34.3 million for the Real Estate Business and a total gain of S\$2.5 million arising from disposal of two subsidiaries in hospitality business during the year.

## **6. REVIEW OF STATEMENTS OF FINANCIAL POSITION**

### **1Q2019 compared with FY2018**

Total assets of the Group were S\$176.4 million lower as at 31 March 2019 mainly due to the distribution of the Real Estate Business assets, partially offset by the recognition of right-of-use assets as a result of the adoption of SFRS(I) 16 *Leases*.

Total liabilities were S\$44.0 million lower as at 31 March 2019 compared to 31 December 2018, due mainly to the derecognition of the liabilities following the completion of distribution of the Real Estate Business, partially offset by the recognition of lease liabilities as a result of the adoption of SFRS(I) 16 *Leases*.

### **FY2018 compared with FY2017**

The decrease in non-current assets and increase in current assets as at 31 December 2018 compared to 31 December 2017 was mainly due to the reclassification of non-current assets to current assets in the Real Estate Business division. These assets were presented separately as "Assets of disposal group classified as held for distribution".

Non-current liabilities were S\$203.3 million higher as at 31 December 2018 compared to 31 December 2017, due mainly to additional bank borrowings taken as part of the acquisition of the Healthcare Business.

Current liabilities were S\$270.5 million lower as at 31 December 2018 compared to 31 December 2017 due mainly to repayment of amount due to a shareholder and redemption of medium-term notes of S\$100.0 million, offset by additional bank borrowings.

## **RISK FACTORS**

Prior to making an investment or divestment decision, prospective investors in or existing holders of the Securities should carefully consider all the information set forth in this Information Memorandum and any documents incorporated by reference herein, including the risk factors set out below.

The risk factors set out below do not purport to be complete or comprehensive of all the risk factors that may be involved in the business, assets, financial condition, performance or prospects of the Issuer and its subsidiaries or the properties owned by the Group or any decision to purchase, own or dispose of the Securities. Additional risk factors which the Issuer is currently unaware of may also impair its business, assets, financial condition, performance or prospects. If any of the following risk factors develop into actual events, the business, assets, financial condition, performance or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Securities may be adversely affected and investors may lose all or part of their investment in the Securities.

Prospective investors should not rely on the information set out herein as the sole basis for any investment decision in relation to the Securities but should seek appropriate and relevant advice concerning the appropriateness of an investment in the Securities for their particular circumstances.

Headings and sub-headings are for convenience only and investment considerations and risk factors that appear under a particular heading or sub-heading may also apply to one or more other headings or sub-headings.

### **Limitations of this Information Memorandum**

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Securities may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme.

Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries and/or its associated companies (if any), the Arranger, any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent

investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group, the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Securities.

This Information Memorandum contains forward-looking statements. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies, many of which are outside of the Issuer's control. The forward-looking information in this Information Memorandum may prove inaccurate. Please see the section on "Forward-Looking Statements" on page 8 of this Information Memorandum.

## **RISKS RELATING TO THE SECURITIES GENERALLY**

### ***Limited liquidity of the Securities issued under the Programme***

There can be no assurance regarding the future development of the market for the Securities issued under the Programme or the ability of the Securityholders, or the price at which the Securityholders may be able, to sell their Securities. The Securities may have no established trading market when issued, and one may never develop. Even if a market for the Securities does develop, there can be no assurance as to the liquidity or sustainability of any such market. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This may particularly be the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally may have a more limited secondary market and more price volatility than conventional debt securities. If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar Securities, general economic conditions and the financial condition of the Issuer. If the Securities are trading at a discount, investors may not be able to receive a favourable price for their Securities, and in some circumstances investors may not be able to sell their Securities at their fair market value or at all.

Liquidity may have a severely adverse effect on the market value of Securities. Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issue in the market of such additional Securities.

Although an application will be made for the listing and quotation of any Securities to be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST, there is no assurance that such application will be accepted, that any particular Tranche of Securities will be so admitted or that an active trading market will develop. In addition, the market for investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Securities to be issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Securities.

### ***Fluctuation of the market value of the Securities issued under the Programme***

Trading prices of the Securities may be influenced by numerous factors, including the operating results and/or financial condition of the Issuer, its subsidiaries and/or associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries

and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the operating results, business, financial performance and/or the financial condition of the Issuer, its subsidiaries and/or its associated companies (if any).

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of any Series or Tranche of Securities.

### ***Interest rate risk***

Investment in fixed rate Securities involves the risk that subsequent changes in interest rates may adversely affect the value of the fixed rate Securities and Securityholders may suffer unforeseen losses due to such fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in debt security prices, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, debt security prices may rise. The Securityholders may enjoy capital gains but interest payments received may be reinvested at lower prevailing interest rates.

### ***Currency risk associated with Securities denominated in foreign currencies***

As the Securities can be denominated in currencies other than Singapore dollars, the Issuer may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Securities and there is no assurance that the Issuer may be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

### ***Exchange rate risks and exchange controls may result in Securityholders receiving less interest, distributions and/or principal than expected***

The Issuer will pay principal and interest or distribution on the Securities in the currency specified. This presents certain risks relating to currency conversions if the Securityholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Securities are denominated would decrease (i) the Investor's Currency equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Securityholders may receive less interest and/or distribution or principal than expected, or no interest and/or distribution or principal at all.

### ***Inflation risk***

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the actual returns.



***The regulation and reform of “benchmark” rates of interest and indices may adversely affect the value of Securities linked to or referencing such “benchmarks”***

The Programme allows for the issuance of Securities that reference certain interest rates or other types of rates or indices which are deemed to be “benchmarks”, including LIBOR, EURIBOR or SIBOR, in particular with respect to certain Floating Rate Notes or Floating Rate Perpetual Securities where the reference rate may be LIBOR, EURIBOR, SIBOR or another such benchmark. The Pricing Supplement for the Securities will specify whether LIBOR, EURIBOR, SIBOR or another such benchmark is applicable.

Interest rates and indices which are deemed to be or used as “benchmarks” are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Security linked to or referencing such a benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the “**FCA Announcement**”). The FCA Announcement indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Similarly, The Association of Banks in Singapore has also proposed to discontinue certain tenors for SIBOR and to amend the methodology for determining SIBOR.

The elimination of the LIBOR, EURIBOR or SIBOR benchmarks or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Securities linked to such benchmark. Such factors may have the following effects on certain benchmarks:

- (i) discourage market participants from continuing to administer or contribute to the benchmark;
- (ii) trigger changes in the rules or methodologies used in the benchmark; or
- (iii) lead to the disappearance of the benchmark.

Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to or referencing a benchmark.

***The Securities are not secured***

The Securities and the Coupons relating to them constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities) and unsecured (except in the case of Notes where the Relevant Account Charge is specified as being applicable in the relevant Pricing Supplement) obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves. Accordingly, on a winding-up or dissolution of the Issuer at any time prior to maturity of any Securities, the Securityholders (other than the holders of the Notes which are secured by the Relevant Account Charge) will not have recourse to any specific assets of the Issuer and its subsidiaries and/or associated companies (if any) as security for



outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders and there can be no assurance that there would be sufficient value in the assets of the Issuer after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons owed to the Securityholders.

***The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System(s)***

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, the common depository, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg, CDP and/or such other clearing system, a “**Clearing System**”). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities or Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System. The relevant Clearing System(s) will maintain records of their direct account holders in relation to the Global Securities. While the Securities are represented by one or more Global Securities, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to the common depository, CDP or such other clearing system, as the case may be, for distribution to their accountholders or, to the Principal Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System, as the case may be. A holder of beneficial interest in the Global Securities or Global Certificates must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Securities and the Global Certificates will not have a direct right under the Global Securities and the Global Certificates to take enforcement action against the Issuer in the event of a default under the relevant Securities but will have to rely upon their rights under the Trust Deed.

***Application of Singapore insolvency and related laws to the Issuer may result in a material adverse effect on the Securityholders***

There can be no assurance that the Issuer will not become bankrupt or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Securityholders.

Where the Issuer is insolvent or close to insolvent and the Issuer undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer. It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not in itself proposing a scheme of arrangement. These moratoriums can be lifted

with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, recent amendments to the Companies Act in 2017 have introduced cram-down provisions for where there is a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

Further to the amendments that took effect on 23 May 2017 (some of which have been highlighted above), the Insolvency, Restructuring and Dissolution Bill (the “**IRD Act**”) was passed in Parliament on 1 October 2018, but is not yet in force. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. It is uncertain how, and to what extent, the provisions in the IRD Act may affect this transaction and whether or not this transaction will be exempted from the application of such provisions.

### ***The Securities may not be a suitable investment for all investors***

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Securities, including Securities with principal, distribution or interest payable in one or more currencies, or where the currency for principal, distribution or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities are complex financial instruments. Investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact such investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

***Performance of contractual obligations by the Issuer is dependent on other parties***

The ability of the Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the documents relating to the Programme or an issue of Securities of their obligations thereunder including the performance by the Trustee, the Notes Security Trustee and the Agents (as defined in the Trust Deed) of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Securities, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Securityholders and/or the Couponholders.

***Securities may be issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Securityholders should be aware that Definitive Securities and Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade***

In relation to any issue of Securities which have a denomination consisting of a minimum Denomination Amount (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Securities may be traded in amounts in excess of the minimum Denomination Amount that are not integral multiples of such minimum Denomination Amount. In such a case, a Securityholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Denomination Amount will not receive a Definitive Security or Certificate in respect of such holding (should Definitive Securities or Certificates be printed) and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Denomination Amounts. If Definitive Securities or Certificates are issued, holders should be aware that Definitive Securities or Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade. Definitive Securities and Certificates will in no circumstances be issued to any person holding Securities in an amount lower than the minimum denomination and such Securities will be cancelled and holders will have no rights against the Issuer (including rights to receive principal or interest or to vote or attend meetings of Securityholders) in respect of such Securities.

***The Trustee may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction***

In certain circumstances (including pursuant to Condition 11 of the Notes and Condition 9 of the Perpetual Securities, as the case may be), the Trustee may (at its sole discretion) request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken.

The Trustee may not be able to take action, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such action directly.

***Provisions in the Trust Deed and the terms and conditions of the Securities may be modified***

The terms and conditions of the Securities contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The terms and conditions of the Securities also provide that each of the Trustee and the Notes Security Trustee may, without the consent of the Securityholders or Couponholders, agree to (i) any modification of any of the provisions of the Trust Deed or any of the other Relevant Transaction Documents which in the opinion of the Trustee or, as the case may be, the Notes Security Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by the relevant stock exchange, Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Securities may be held, and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed or any of the other Relevant Transaction Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Relevant Transaction Documents which is in the opinion of the Trustee or, as the case may be, the Notes Security Trustee not materially prejudicial to the interests of the Securityholders. Any such modification, authorisation or waiver shall be binding on the Securityholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Securityholders as soon as practicable.

***A change in Singapore law which governs the Securities may adversely affect Securityholders***

The Securities are governed by Singapore law in effect as at the date of issue of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities and any such change could materially impact the value of any Securities affected by it.

## **RISKS RELATING TO THE NOTES**

### ***Limited Amount of Funds in the Interest Service Reserve Accounts***

If the Relevant Account Charge is specified as being applicable in the relevant Pricing Supplement for a Series of Notes, such Series of Notes may be secured by the Relevant Interest Service Reserve Account. Under the terms of each Relevant Account Charge, it is expected that an amount equivalent to at least six months of coupon payments will be deposited and maintained in the Relevant Interest Service Reserve Account for the purpose of each Series of Notes. As there will only be a limited amount of funds standing to the credit of the Relevant Interest Service Reserve Account, there is no assurance that the moneys standing to the credit of the Relevant Interest Service Reserve Account will be sufficient to discharge all outstanding moneys payable by the Issuer to the Noteholders at that time.

### ***Enforcement of remedies***

Enforcement of available remedies under the Trust Deed, the Relevant Security Documents, the Notes, the Coupons and the Talons, could result in delays in recovery of amounts owed to the Noteholders by the Issuer. There is no assurance that the Trustee or the Notes Security Trustee would recover all amounts secured upon such enforcement, and funds received may not be sufficient to make all required payments to any Noteholders.

### ***Singapore tax risk***

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “Taxation – Singapore taxation”.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

### ***Variable Rate Notes may have a multiplier or other leverage factor***

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

### ***The Notes may be subject to optional redemption by the Issuer***

An optional redemption feature is likely to limit the market value of the Notes containing such a feature. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risks in light of other investments available at that time.

## RISKS RELATING TO THE PERPETUAL SECURITIES

### ***Perpetual Securities may be issued for which investors have no right to require redemption***

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, potential investors should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

### ***If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects not to pay all or a part of a distribution under the terms and conditions of the Perpetual Securities***

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Issuer not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Issuer's or the Group's financial condition.

### ***If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option at date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events***

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to (but excluding) the date fixed for redemption. In addition, if specified in the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. See the section "Terms and Conditions of the Perpetual Securities – Redemption and Purchase" in this Information Memorandum.

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.



### ***There are limited remedies for non-payment default under the Perpetual Securities***

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute Winding-up proceedings (as defined in Condition 9(b) of the Perpetual Securities) is limited to circumstances where payment under the Perpetual Securities has become due and the Issuer fails to make such payment when due. The only remedy against the Issuer available to the Trustee or (where the Trustee has failed to proceed against the Issuer as provided in the Conditions of the Perpetual Securities) any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a non-payment default after any sum becomes due in respect of the Perpetual Securities will be instituting proceedings for the Winding-up of the Issuer and/or proving in such Winding-up and/or claiming in the liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

### ***The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities***

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the Conditions of the Perpetual Securities, the Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a Winding-up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

### ***The Subordinated Perpetual Securities are subordinated obligations***

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the Winding-up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a Winding-up of the Issuer, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a Winding-up of the Issuer and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.



### ***Tax treatment of the Perpetual Securities is unclear***

It is not clear whether any particular tranche of the Perpetual Securities (the “**Relevant Tranche of the Perpetual Securities**”) will be regarded as “debt securities” by the IRAS for the purposes of the ITA and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section “Taxation – Singapore taxation” of this Information Memorandum) would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as “debt securities” for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

## **RISKS RELATING TO THE ISSUER’S AND THE GROUP’S BUSINESS, FINANCIAL CONDITION AND/OR RESULTS OF OPERATIONS**

### **RISK RELATING TO THE GROUP’S BUSINESSES**

#### ***The Group’s business relies solely on the operations of its principal subsidiaries***

The Group conducts its operations solely through its principal subsidiaries, Thomson Medical, TMCLS and VBHC. If the performance of the Group’s principal subsidiaries were to decline, it may have a material and adverse effect on the Group’s business, financial condition and prospects. Additionally, there is no assurance that the Group’s principal subsidiaries will generate sufficient earnings and cash flows to meet its obligations.

#### ***The Group’s business and facilities are concentrated in Singapore and Malaysia, which makes it sensitive to regulatory, economic, environmental and competitive conditions and changes in these countries***

The Group’s operations are concentrated in Singapore and Malaysia. For the year ended 31 December 2018, the Group’s operations in Singapore and Malaysia accounted for approximately 72.4% and 27.6% of its revenue, respectively. Such concentration in operations makes the Group particularly sensitive to regulatory, social, political, economic, environmental and competitive conditions and changes in these countries.

Healthcare policy and the role of the private sector in the Group’s key markets are subject to regular review by governmental authorities and to changes as a result of political decisions. Any material change in the current government insurance payment systems or policies, regulatory, economic, environmental or competitive conditions in these countries may have a disproportionate and material adverse effect on the Group’s business, financial condition, results of operations and prospects.

#### ***Challenges that affect the healthcare industry may also have an effect on the Group’s operations***

The Group is impacted by the challenges currently facing the healthcare industry. The Group believes that the key ongoing industry-wide challenges are providing high quality patient care in a competitive environment and managing costs.

In addition, the Group's business, financial condition, results of operations and prospects may be affected by other factors that affect the entire industry, including the Group, such as:

- (a) technological and pharmaceutical improvements that increase the cost of providing, or reduce the demand for healthcare;
- (b) general economic and business conditions at local, regional, national and international levels;
- (c) demographic changes;
- (d) an increase in the threat of terrorism or armed conflicts and the occurrence of natural and man-made disasters that affect travel security or the global economy could reduce the volume of medical travellers;
- (e) improvements in the level of quality of healthcare services in neighbouring countries that may affect the stream of medical travellers coming to the Group's hospitals;
- (f) changes in the supply distribution chain or other factors that increase the cost of supplies;
- (g) stricter regulations governing protection of sensitive or confidential patient information from unauthorised disclosure;
- (h) stricter regulations governing the purchase of medications and pharmaceutical drugs, which are highly regulated; and
- (i) reputational and potential financial risk to the Group's hospital operations caused by the independent actions of doctors, including the prices they charge patients for their services.

In particular, the patient volumes and operating income at the Group's hospitals are subject to economic and seasonal variations caused by a number of factors, including, but not limited to:

- (a) unemployment levels;
- (b) the cultural and business environment of local communities and in the home countries of medical travellers;
- (c) the number of uninsured and underinsured patients in local communities;
- (d) seasonal cycles of illness;
- (e) climate and weather conditions; and
- (f) recruitment, retention and attrition of physicians and other medical staff, including nurses and pharmacists.

Any failure by the the Group to effectively manage these challenges may have a material adverse effect on the Group's business, financial conditions, results of operations and prospects.

***The business of the Group is dependent on obtaining and renewing of requisite approvals, licences and/or permits***

The Group's business operations are dependent on obtaining and renewing relevant approvals, permits and licensing requirements, such as the hospital and medical clinic licences issued by the Ministry of Health in Singapore and the Ministry of Health in Malaysia, to conduct its day-to-day

operations. Any failure to renew the requisite licences in a timely manner or at all, or any withdrawal of licences may result in the imposition of penalties on the Group or suspension of its operations, which could materially and adversely affect the business, results of operations, financial condition and prospects of the Group.

The prerequisites to obtaining the relevant approvals, licences and permits in the healthcare services industry may evolve and change over time and new or more stringent policies may be introduced. There is no assurance that the Group will be able to adapt expeditiously to new laws, regulations or policies that may come into effect from time to time. If the Group fails to comply with new policies and regulations, or if such policy changes disrupt the Group's business operations or cause it to incur additional costs, the Group's business, results of operations, financial condition and prospects may be materially and adversely affected.

***The Group is highly dependent on its doctors, nurses and other healthcare professionals***

The performance and growth strategy of the Group depends substantially on the Group's ability to attract and retain experienced doctors, nurses and other healthcare professionals. The Group competes for these personnel with other healthcare providers, including public healthcare institutions. The supply of both new and experienced doctors and nurses are subject to healthcare manpower policies of the relevant authorities.

The demand for doctors is highly competitive. The supply of specialist doctors is limited by the training period, which can be up to 15 years and even longer for certain medical specialties. The Group believes that the key factors that doctors consider before deciding where they will work include the reputation of the hospital, the quality of the facilities, the range of specialties offered by the hospital, the ability of the hospital to attract adequate patient load, research and teaching opportunities, compensation (subject to local rules and regulations) and community relations.

The majority of the Group's doctors in Singapore and Malaysia are independent medical practitioners who have leased clinic space at the Group's hospitals and who are not under any obligation to continue to maintain their clinics at the Group's hospitals and/or to treat their patients at the Group's facilities. If they choose to treat their patients at other hospitals or if they choose to set up their clinics at other hospitals, the Group's business will be adversely affected.

The Group's performance also depends on its ability to identify, attract and retain other healthcare professionals, such as nurses, physiotherapists, radiographers and pharmacists, to support the services provided at the Group's hospitals and clinics. The tight supply of healthcare professionals may also cause salaries and wages to rise which would lead to an increase in costs to recruit and retain these healthcare professionals.

In addition, doctors and nurses qualified in one country may not be recognised in another country and may not be able to easily work in another country due to immigration and/or foreign worker policies.

If the Group is unable to attract or retain doctors or other medical personnel as required, it may not be able to maintain the quality of its services and could be forced to admit fewer patients, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group's newly developed facilities may experience delays in reaching full operational capacity and may not successfully integrate with its existing hospitals and healthcare businesses or achieve the synergies and other benefits the Group expects from such expansion***

New hospital projects are characterised by long gestation periods and substantial capital expenditures. The Group may not achieve the operating levels that it expects from newly developed facilities e.g. the Thomson Iskandar Medical Hub project and it may not be able to achieve its targeted returns on investments on, or benefits from, these projects. The Group's newly developed facilities may not successfully integrate with its existing hospitals and healthcare businesses or achieve the synergies and other benefits that the Group expects from such expansion.

Developing and operating new facilities could also be subject to certain additional risks, including:

- (a) difficulty pertaining to the setting up of new hospital operations, including risks related to planning, construction, securing the required approvals, permits and licences, human resources and patient admissions;
- (b) difficulties in the integration of the assets and operations of new hospitals and healthcare businesses with the Group's existing hospitals and healthcare businesses;
- (c) the diversion of management's attention away from the Group's existing hospitals and healthcare businesses and an interruption of, or a loss of momentum in, the activities of such hospitals and healthcare businesses;
- (d) the diversion of doctors and patients from the Group's existing hospitals and healthcare businesses and a loss of revenue at such hospitals and healthcare businesses;
- (e) the failure to realise expected profitability or growth;
- (f) the failure to realise expected synergies and cost savings;
- (g) difficulties arising from coordinating and consolidating corporate and administrative functions, including the integration of internal controls and procedures such as timely financial reporting;
- (h) difficulties in recruiting and retaining doctors, nurses and other healthcare professionals at existing and new hospitals; and
- (i) unforeseen legal, regulatory, contractual, labour or other issues.

If the Group is unable to manage the growth in its business or is unable to successfully commence operations of, or integrate, newly developed facilities, the Group's reputation and ability to compete effectively could be impaired, which would have a material and adverse effect on its business or financial condition, results of operations and prospects.

***The Group's expansion plan is subject to inherent operational and regulatory risks***

The Group's ability to expand THKD to increase the number of beds from 205 beds to approximately 600 beds and in Johor Bahru through its Thomson Iskandar Medical Hub project (which, when completed, is expected to comprise a 500-bed tertiary hospital, 400-suite medical tower and complementary retail space to facilitate and provide ancillary services to the operation of the hospital and medical suites) and to develop VBHC into the proposed integrated healthcare service platform is subject to various factors that may involve delays or problems, including the

failure to receive or renew regulatory approvals, delays in construction, constraints on human and capital resources, the unavailability of equipment or supplies, the failure to obtain the requisite financing or other reasons, events or circumstances which the Group may not foresee. These projects may incur significant cost overruns and may not be completed on time or at all which may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group. In addition, in relation to VBHC, as part of its ongoing review of its business, the Issuer may from time to time assesses market interests as well as evaluates all options available to it and there is no certainty that this project may materialise.

***The provision of healthcare services through hospitals is capital intensive and has high fixed costs***

New hospitals have high start-up and fixed costs. The healthcare service industry is also subject to other high fixed costs such as specialised hospital equipment, resident physicians, ancillary medical and support staff, which are fairly fixed according to the intended capacity of a hospital and do not vary significantly with inpatient admissions. Thus, the healthcare service industry is generally more susceptible to the adverse impact of external shocks, as compared to other industries with lower fixed costs. As the healthcare service industry is generally characterised by high fixed costs, any shortfall in revenue levels as a result of external shocks, including economic downturns and other events that result in a disruption in inpatient admissions, could have an adverse impact on financial performance. There can be no assurance that such external shocks will not have an adverse impact on the Group's operations and financial condition. If any external shocks occur that adversely affect the provision of healthcare services in general, the Group may experience decreased revenue but would likely not see an immediate corresponding decrease in its fixed costs, which would have a material and adverse impact on its business, operations and financial condition.

***The Group may not be able to successfully compete for patients with other hospitals and healthcare providers across the countries in which it operates***

The healthcare business is highly competitive. There are other hospitals and clinics that provide services similar to those offered by the Group. If any of the Group's hospitals and clinics fail to live up to regulatory and/or patient requirements, standards and expectations relative to other operators, the Group's ability to attract and retain patients and medical professionals alike will decline.

The Group competes with government-owned hospitals, private hospitals, hospitals owned or operated by non-profit and charitable organisations, and individual practitioners in the countries in which it operates. Some of these competitors may be more established and have better medical facilities and may offer better medical care and services than the Group. New or existing competitors may price their services at more competitive rates than the Group's price or offer greater convenience or better services or facilities than that provided by the Group. Smaller hospitals, stand-alone clinics and other hospitals with lower cost structures may exert pricing pressures on some or all of the Group's services and also compete with the Group for doctors and other medical professionals. Some of the Group's competitors may also have plans to expand their hospital networks, which may exert further pressure on pricing and recruitment and operating costs on the Group. If the Group is unable to price its services competitively or is unable to attract patients or manage its operating costs, its business, financial condition, results of operations and prospects may be materially and adversely affected.

***The Group is dependent on certain key management***

The Group is dependent on certain key members of its management team to manage its current operations and meet future business challenges. They have been integral to the development and business operations of the Group. The loss of the services of the Group's senior management or

key personnel could seriously impair its ability to continue to manage and expand its business. The Group does not maintain key man life insurance for the senior members of its management team or other key personnel.

Although the Group continues to develop its talent pool in order to ensure management continuity, the loss of the services of any of the key management personnel may have a material adverse effect on the Group's operations.

***The Group's ability to maintain or renew its licences or certificates of registration or apply for new licences or certificates with respect to its operations in Malaysia is subject to the policies of the Ministry of Health, Malaysia on foreign equity participation in private healthcare facilities in Malaysia (the "Equity Policy")***

The Equity Policy, which came into effect on 29 July 2015, provides that effective from 29 July 2015, (i) 100% foreign equity participation is allowed for new private hospitals; (ii) 100% foreign equity participation is allowed for new specialist medical clinics; and (iii) up to 70% foreign equity participation is allowed for new private ambulatory care centres.

However, it is uncertain whether the Equity Policy will be revised in future or from time to time. TMCLS, being the holding company of the Group's Malaysian businesses, is a public listed company whose shares are freely traded and can be acquired by anyone on Bursa Securities. In addition, as at the Latest Practicable Date, more than 50% of the interests in TMCLS are held by foreign investors. TMCLS also operates four (Penang, Ipoh, Puchong and Johor Bahru) private ambulatory care centres through its wholly-owned subsidiaries. Notwithstanding the foregoing, (i) it is unclear whether and how the Equity Policy will be applied to the four private ambulatory care centres; (ii) there is no guidance as to how interest or ownership is being interpreted or construed and that the Equity Policy does not specify that it has application to any upstream or indirect interest, vice versa; and (iii) although the Equity Policy is not legislation and any non-compliance with it does not in itself automatically constitute a breach under the Private Healthcare Facilities and Services Act, 1998, any non-compliance with the Equity Policy may result in imposition of sanctions by the Ministry of Health, Malaysia, including suspension, revocation or non-renewal of the licences or certificates of registration, as the case may be.

***The Group's medical clinics/centres may be affected by outbreaks of infectious diseases***

An outbreak of contagious or virulent diseases in the countries where the Issuer operates could have a material adverse effect on the Group's business, results of operations and financial condition. In the event such outbreaks occur at any of the Group's medical clinics/centres, greater infection control measures will have to be implemented with the possibility of temporary closure of the affected facility and quarantine of all affected healthcare professionals. In addition, occurrences of epidemics and pandemics could also result in negative public opinion on medical institutions, which may materially and adversely affect the Group's business, results of operations, financial condition and prospects.

***If the Group does not receive payment on a timely basis from its patients, the Group's results of operations could be materially and adversely affected***

The primary collection risk of the Group's account receivables relates to the failure by individual patients, corporate customers and their healthcare insurers to pay in a timely manner and in full for the services that the Group has provided. It is possible that healthcare insurers and corporate customers may change their reimbursement policies and coverage plans in the future such that the payment period may be extended or services which the Group provided to patients are no longer covered.



In addition, individual patients who do not have healthcare insurance may not be able to pay the full fees for the services they have received. If the Group does not receive payment on a timely basis, its results of operations and cash flow may be materially and adversely affected. For the period under review, being the financial years ending 31 December 2017 and 31 December 2018, the amount of bad debts written off and allowance for doubtful debts by the Group is not material.

***Compliance with applicable safety, health, environmental and other governmental regulations may be costly and adversely affect the Group's competitive position and results of operations***

The Group is subject to national and local laws, rules and regulations in the countries in which it operates governing, among other things:

- (a) the conduct of the Group's operations;
- (b) additions to facilities and services;
- (c) the adequacy of medical care;
- (d) the quality of medical facilities, equipment and services;
- (e) the purchase of medications and pharmaceutical drugs;
- (f) the noise pollution, discharge of pollutants to air and water and handling and disposal of bio-medical, radioactive and other hazardous waste;
- (g) the qualifications of medical and support personnel;
- (h) the confidentiality, maintenance and security issues associated with health-related information and medical records; and
- (i) the screening, stabilisation and transfer of patients who have emergency medical conditions.

Safety, health and environmental laws and regulations in the countries in which the Group operates are stringent and it is possible that they will become significantly more stringent in the future. If the Group is held to be in violation of such regulatory requirements, including conditions in the permits required for its operations, by courts or governmental agencies, it may have to pay fines, modify, suspend or discontinue its operations, incur additional operating costs or make capital expenditures. Any public interest or class action legal proceedings related to such safety, health or environmental matters could also result in the imposition of financial or other obligations on the Group. Any such costs may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

In addition, the operation of the Group is subject to various laws and regulations which relate to the procurement of large medical equipment, the pricing of medical services, the operation of radiotherapy and diagnostic imaging equipment, the licensing and operation of medical institutions, the licensing of medical staff and the prohibition on non-profit civilian medical institutions from entering into cooperation agreements with third parties to set up for-profit centres that are not independent legal entities. The Group's growth prospects may be constrained by such rules and regulations, particularly those relating to the procurement of major medical equipment. If the Group or its clinics partners fail to comply with such applicable laws and regulations, the Group could be required to make significant changes to its business and operations or suffer fines or penalties, including the potential loss of its business licenses, the suspension from use of its medical equipment, and the suspension or cessation of operations at centres. The occurrence of such events may materially and adversely affect the business, financial condition, results of operations and prospects of the Group.

***The Group has been and could become the subject of, or perceived to be, associated with governmental investigations, claims and litigation, as well as medical malpractice litigation brought by patients and patient complaints which may affect the Group's brand names and reputation***

The success of the Group depends significantly on the recognition of the “Thomson Medical”, “Thomson Hospital” and “TMC Fertility” brand names and its reputation in the healthcare industry as reliable service providers. As a healthcare provider, the Group is exposed to the risk of legal claims and/or regulatory actions arising from the provision of healthcare services. Healthcare companies are subject to investigations by various governmental agencies and claims and litigation by patients. Certain of the Group's individual facilities have received, and other facilities may receive, government inquiries into its operations as part of the licence renewal process and arising from patient complaints, and may be subject to investigations by, national, provincial and municipal agencies. Governmental agencies and their agents, such as the Ministry of Health in Singapore and Malaysia conduct audits of the Group's healthcare operations. The Group also performs internal audits and monitoring. Should the Group be found to be non-compliant with any of these laws, regulations or programmes, depending on the nature of the findings, the Group may face penalties, suspension of operations or even revocation of operating licenses, which may materially and adversely affect its brand names and reputation, business, financial condition, results of operations and prospects.

In addition, legal action may be taken against the Group as a result of medical malpractice and negligence. In particular, with the advent of new technologies and modalities of treatment, the amount of medical malpractice litigation brought by patients has increased across the industry. Such medical malpractice litigation is typically brought against the patient's doctor and may also seek to include as a defendant the hospital at which treatment was given. Since many of the Group's doctors in Singapore and Malaysia are independent medical practitioners, the Group is unable to control their practice even though the Group may be held responsible for the doctors' actions by a court. The Group may be adversely affected by its association with the doctor involved in the medical malpractice litigation. Further, even if the Group is not involved in such medical malpractice litigation, the reputation of the Group's hospitals may be adversely affected by the Group's association with the doctor involved in the medical malpractice litigation. In addition, if such medical malpractice litigation is not decided in favour of the doctor or the Group, the business, financial position, results of operations and prospects of the Group may be materially and adversely affected.

The Group may also, from time to time, be the subject of complaints from patients with regard to the quality and cost of healthcare services. The business of the Group may also be affected by negative publicity resulting from social media reviews, publication of industry findings and research reports. Such negative publicity, regardless of their validity, may affect the number of patients visiting the hospitals owned by the Group and the Group's revenue and profits may, as a result, be adversely affected.

***Potential liability for environmental problems could result in unanticipated costs***

The Group's operations may utilise certain materials, processes or installations which are regulated pursuant to various environmental laws, including those relating to health and hygiene, waste disposal, and storage of hazardous materials, or may require environmental permits from regulatory authorities. These items include, but are not limited to, medical or infectious waste, incinerators, and harmful chemical solvents and/or by-products. The costs of removal or remediation of such substances could be substantial. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of hazardous substances. There can be no assurance that potential environmental liabilities do not exist or will not arise in the future. The presence of contamination or hazardous substances on the Group's facilities may require the Group to incur unbudgeted capital expenditure to remedy the issues, which could have a material adverse effect on the Group's business, financial condition, results of operations, and prospects.

***The Group is reliant, to some extent, on a number of brand names and trademarks in its businesses***

The Group relies upon certain brand names and trademarks for its businesses. For example, it utilises the “Thomson”, “Thomson Medical”, “Thomson Wellth” and “TMC Fertility” brands and trademarks. If the Group fails to protect and enhance its brand identities, or if the Group fails to properly supervise the use of, and compliance with, its brands by third party healthcare or other facility providers, the market recognition of each of the Group’s brands and trademarks may deteriorate. Any claims and legal actions brought forward by the Group’s patients may also have a negative impact on its brand image. As such, the Group may not attract optimum utilisation of its services and, as a result it may have a material adverse impact on the Group’s business, financial condition, results of operations and prospects.

***Rapid technological advances, technological failures and other challenges related to medical equipment and information technology systems could adversely affect the Group’s business and increase its capital expenditure***

The Group owns and uses sophisticated medical equipment, devices and systems in its hospitals for the treatment of patients. Such medical equipment needs to be upgraded frequently as innovation can rapidly make existing equipment obsolete. In addition, if the equipment is damaged or breaks down, key parts may not be available, thus impairing the Group’s ability to provide the relevant services to its patients. Replacement, upgrading or maintenance of equipment may involve significant costs.

The Group’s information technology systems are a critical part of its business and internal control and management systems, and help to manage clinical systems, medical records and inventory. Any technical failures associated with the information technology systems, including those caused by power failures and computer viruses and other unauthorised tampering, may cause interruptions in the Group’s ability to provide services to its patients. Also, if the information technology systems are not upgraded as needed, the Group may not be able to adequately manage its clinical systems, medical records and inventory.

The Group may be subject to liability as the result of any theft or misuse of personal information stored on its systems. In Singapore, regulations governing the operation of private hospitals and medical clinics require licensees of a private hospital, medical clinic or healthcare establishment to keep and maintain proper medical records. Such licensees are required to take all reasonable steps, including implementing processes as are necessary, to ensure that such medical records are accurate, complete and up-to-date and to implement adequate safeguards (whether administrative, technical or physical) to protect the medical records against accidental or unlawful loss, modification or destruction, or unauthorised access, disclosure, copying, use or modification. Any contravention of these regulations would render the person committing the offence liable on conviction to a fine or imprisonment. In Malaysia, regulations governing private healthcare facilities require such healthcare facilities to maintain an appropriate patient medical records system and to be responsible for safeguarding the information on the patients’ medical records against loss, tampering or use by unauthorised persons. Any contravention of these regulations would render the person committing the offence liable on conviction to a fine or imprisonment.

If the Group is unable to keep up with technological advances or if there are any technical failures of its information technology systems, the business, financial condition, results of operations and prospects of the Group may be adversely affected.

***The Group may fail to integrate, control, update or secure its information technology systems***

The efficient operation of the Group's business depends on its information technology systems. The Group relies on its information technology systems to, among other things, schedule and manage the provision of services to its patients, effectively manage accounting and financial functions, monitor internal cost factors and facilitate consultations among medical professionals. These systems are often tailored to the particular needs of patients and the specific markets in which the Group operates.

If the Group experiences an interruption or a reduction in the performance, reliability or availability of its information systems from natural or man-made causes, or from disruptions from its local service providers, its operations and ability to manage its administrative systems could be adversely impacted. Any technical failures associated with its information technology systems, including those caused by power failures, computer viruses and other unauthorised tampering may cause interruptions in its ability to provide services to its patients. Corruption of certain information could also lead to delayed or inaccurate judgments or diagnoses in its treatment of patients and could result in damage to patients' welfare.

The Group's business depends significantly on effective information technology systems, and it has several different information technology systems for various businesses across the countries in which it operates. Failure to effectively maintain and upgrade those information technology systems could adversely affect its business. Moreover, the proposed expansion of facilities and acquisition of new centres requires transitions to or from, and the integration of, various information systems. The failure to implement and maintain sufficiently advanced technological capabilities could result in competitive and cost disadvantages to the Group as compared to its competitors. In the event of any failure of its information technology systems, the inability to effectively implement its business continuity plans would lead to a disruption in operations and may have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group's information technology systems require an ongoing commitment of resources to maintain and enhance existing systems and develop new systems in order to keep pace with continuing changes in information processing technology. The Group is also reliant on its information technology vendors, including its internet service providers, to provide continued technical support and to maintain the integrity of the information technology systems.

***The Group may be subject to cyber-attacks and other cybersecurity risks and threats***

The Group may be subject to cyber-attacks and other cybersecurity risks and threats, including computer break-ins, phishing, and social engineering. Such vulnerabilities may put it at risk for possible losses due to fraud or operational disruption. If the Group is unable to prevent or contain the effects of any cyber-attacks, or prevent other privacy or data security incidents that result in security breaches that disrupt operations or result in the unintended dissemination of sensitive personal information or proprietary or confidential information, then the Group may incur financial losses, substantial regulatory fines or penalties, liability, reputational harm, and the downtime required to rectify any such security breaches that may disrupt its business, and/or also lead to material adverse effects on its business, financial condition, results of operations and prospects. While steps have been taken to mitigate such risks, such as the obtaining of cybersecurity insurance to cover losses from a variety of cyber incidents, there is no assurance that such steps will be sufficient to cover all losses arising from such cyber incidents.

***Clinical governance risk is an inherent operational risk relating to the Group's business***

The Group is committed to ensuring that customers are treated and cared for according to evidence-based best practice, high clinical standards and with a view to patient safety. In furtherance of such a commitment to safety, the Group only permits qualified specialist doctors accredited by the Singapore Medical Council to admit patients into its Singapore hospital. In Malaysia, the Group only permits specialist doctors registered with the National Specialist Registrar to practice within its hospital and clinics. The Group also receives recommendations and feedback on systems and controls relating to clinical governance within the Group. This approach is designed to ensure oversight across the Group. Failure to adequately monitor clinical risks could lead to regulatory action against the Group and may have a material and adverse impact on its business, financial condition, results of operations and prospects.

***Increase in operating costs, namely lease rental rates, and risk of relocation due to the inability to renew the existing leases may cause disruption to business operations of the Group***

The Group leases the premises at which it operates its clinics. The existing lease terms are typically three years. Upon the expiry of the leased tenure, the landlords, including but not limited to HDB, have the right to review and revise the terms and conditions of the lease agreements, which may include an increase in rental rates. The landlords may not renew the leases at all or on terms and conditions favourable to the Group. Any increase in rental rates would increase the operating costs of the Group, thereby affecting its profits. If the leases for the clinics are not renewed, the Group may incur additional costs and its business and operations may suffer from disruptions due to relocation and loss of prime locations. Furthermore, the clinics may lose the business of local patients with whom doctors have built a doctor-patient relationship.

***The Group's insurance coverage and indemnities may not cover all damages and losses***

The Group requires its doctors to take out professional indemnity insurance policies at their own costs. Although the Group has assessed its risks and purchased insurance including, amongst others, medical malpractice, work injury compensation, public liability, industrial special risk, there is however no assurance that the present insurance coverage will be sufficient to cover all potential liabilities and risks that the Group may face. There is also no certainty whether any or all of the relevant insurers will remain solvent and meet their contracted obligations to provide the coverage contracted for.

Should there be adverse developments such as terrorist attacks and other natural or man-made disasters such as earthquakes, floods, fire hazards and other events beyond the Group's control in Singapore, Malaysia or any other regions where it has operations, the Group may not have adequate insurance coverage to cover these liabilities and risks and its business, financial condition, results of operations and prospects may be materially and adversely affected.

If the arrangements for insurance are insufficient, including coverage for any claims which exceed aggregate policy limits, the Group may be required to make substantial payments, which may have a material adverse effect on its business, financial position, results of business operations and prospects.

***The value of the Group's intangible assets and costs of investment may become impaired***

Due largely to the Group's past business acquisitions, goodwill and other intangible assets represent a substantial portion of its assets. Goodwill and other intangible assets were approximately S\$489.1 million as at 31 December 2018, representing approximately 32.8% of the Group's total assets and 62.4% of the Group's consolidated total equity. If the Group makes additional acquisitions, it is likely that the Group will record additional intangible assets and goodwill on its consolidated balance sheets.



In accordance with applicable accounting standards, the Group periodically evaluates its goodwill and other intangible assets to determine whether all or a portion of their carrying values may no longer be recoverable, in which case a charge to the income statement may be necessary. Such impairment testing requires the Group to make assumptions and judgments regarding the estimated recoverable amount of its reporting units, including goodwill and other intangible assets.

Estimated recoverable amounts developed based on the Group's assumptions and judgments might be significantly different if other reasonable assumptions and estimates were to be used. If estimated recoverable amounts are less than the carrying values for goodwill and other intangible assets with indefinite lives in future annual impairment tests, or if significant impairment indicators are noted relative to other intangible assets subject to amortisation, the Group may be required to record impairment losses in future periods.

Any future evaluations requiring an impairment of the Group's goodwill and other intangible assets could materially affect its results of operations and shareholders' equity in the period in which the impairment occurs. A material decrease in shareholders' equity could, in turn, potentially impact the Group's compliance with existing debt covenants and similar restrictions and its ability to pay dividends. In addition, the estimated value of the Group's reporting units may be impacted as a result of business decisions it makes associated with the implementation of the various healthcare reform regulations. Such decisions, which could unfavourably affect the Group's ability to support the carrying value of certain goodwill and other intangible assets, could result in impairment charges in future periods, which may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

***If the Group is unable to identify expansion opportunities or experience delays or other problems in implementing such projects, its growth, business, financial condition, results of operations and prospects may be adversely affected***

The Group's growth strategy depends, to an extent, on its ability to fund, build or acquire and manage additional hospitals and healthcare businesses. The Group may also expand, improve and augment its existing hospitals and healthcare businesses. The Group is continuously evaluating other projects, including acquisition opportunities, some of which it may realise in the imminent future and which may be material. Such acquisitions and expansions are capital expenditure intensive. The Group may not be able to identify suitable sites for new healthcare businesses, acquisition candidates or negotiate attractive terms for such projects, or expand, improve and augment its existing businesses. The number of attractive expansion opportunities may be limited, and may command high valuations, and the Group may be unable to secure the necessary financing to implement expansion projects. Development and construction costs of these projects may escalate substantially beyond the Group's budgets, resulting in pressure on its financial conditions and cash flows or in the project being no longer feasible. Furthermore, these projects may be subject to unforeseen legal or regulatory issues, such as changes in such laws and regulations or difficulty in obtaining licences, approvals or permits that the Group require to operate its businesses. If the Group is not able to successfully identify opportunities to build, acquire or expand its additional and existing hospitals and healthcare businesses or face difficulties in the process of developing, acquiring or expanding such operations, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.



***Future acquisitions, joint ventures or other arrangements may expose the Group to increased risks.***

The Group expects that it may from time to time, as a matter of business strategy, enter into healthcare development projects or grow its portfolio through the formation of joint ventures, strategic alliances, partnerships or other investment structures. Acquisitions that the Group may make, along with potential joint ventures and other investments, may also expose the Group to additional business and operating risks and uncertainties, including, among other things, the inability of the Group to exert control over strategic decisions made by these companies.

The Group may also face the risk that its joint venture partners are unable or unwilling to fulfil their obligations under the relevant joint venture agreements, including the possibility of the joint venture partners failing to perform because they do not possess adequate experience or the skill sets expected of them. The Group's joint venture partners may also experience financial or other difficulties, which may affect their ability to carry out their contractual obligations, thus resulting in additional costs to the Group.

There is no assurance that such acquisitions, joint ventures, strategic alliances and partnerships will be successful. If the Group is unable to successfully implement the Group's growth strategy or address the risks associated with the Group's acquisitions, joint ventures, strategic alliances and partnerships, or if the Group encounters unforeseen difficulties, complications or delays frequently encountered in connection with the integration of acquired businesses and the expansion of operations, or if the Group fails to achieve acquisition synergies, the Group's business, financial performance, financial condition and operating cash flow may be materially and adversely affected.

***The Group's ability to borrow in the bank or capital markets may be materially and adversely affected by a financial crisis in a particular geographic region, industry or economic sector***

The Group's ability to borrow in the bank or capital markets to meet the financial requirements of the Group is dependent on favourable market conditions. Financial crises in particular geographic regions, industries or economic sectors could in the future, lead to sharp declines in the currencies, stock markets and other asset prices in those geographic regions, industries or economic sectors, which in turn threaten affected companies, financial systems and economies, and which may also significantly increase the costs of such borrowing. The Group relies on, *inter alia*, bank loans and debt issuances to satisfy its capital requirements and the existing level of indebtedness of the Group may also materially impact its ability to raise additional financing and/or refinancing on competitive terms and its cost of funding may increase in the event of any financial crises.

For these or other reasons, the Group may be unable to obtain future financing on favourable terms, or at all, to fund the Group's operations, anticipated capital expenditure and working capital requirements which may have a material and adverse effect on the business, financial condition, results of operations and prospects of the Group.

***The Group may be susceptible to fluctuation in foreign exchange rates that could result in the Group incurring foreign exchange losses***

The Group is exposed to foreign exchange rate risk arising from translation as a consequence of operating in different countries. The Group is exposed to the risk of losses arising from adverse and/or volatile movements in exchange rates, in particular the Malaysian Ringgit to Singapore Dollar exchange rate. The effect of exchange rate fluctuations on local operating results could lead to significant fluctuations in the results reported in the Group's consolidated financial statements upon the translation of the Group's results into Singapore Dollars. Foreign exchange fluctuation could materially and adversely affect the Group's reported results due to unhedged positions. If the Group were to suffer substantial losses due to exchange rate volatility, it may adversely affect the Group's solvency capital ratios, results of operations and financial condition.

## **PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS**

The net proceeds arising from the issue of the Securities under the Programme (after deducting issue expenses) will be used for general corporate purposes of the Group, including refinancing of borrowings, financing potential acquisitions, strategic expansions, general working capital, capital expenditure and other investments of the Group or such purposes as may be specified in the relevant Pricing Supplement.

## CLEARING AND SETTLEMENT

### Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Securities in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Securities through the Depository System may be effected through securities sub-accounts held with corporate depositors (“**Depository Agents**”). Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payments of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Principal Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

### Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

# TAXATION

## Singapore taxation

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.*

*In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as “debt securities” for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the qualifying debt securities scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as “debt securities” for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.*

### **1. Interest and Other Payments**

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole is arranged by DBS Bank Ltd., which is a Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (as defined in the ITA) at such time, any tranche of the Securities (the “**Relevant Securities**”) issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 would be qualifying debt securities (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using the funds and profits of such person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Securities derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;



- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require), Qualifying Income from the Relevant Securities derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
  - (aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and
  - (bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require,

payments of Qualifying Income derived from the Relevant Securities are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Securities would not qualify as QDS; and
- (B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Securities held by:
  - (i) any related party of the Issuer; or
  - (ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**prepayment fee**”, “**redemption premium**” and “**break cost**” are defined in the ITA as follows:

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

## **2. Capital Gains**

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who apply or who are required to apply the Financial Reporting Standard (“**FRS**”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“**SFRS(I) 9**”) (as the case may be) may for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on “Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes”.

## **3. Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes**

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition & Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Securities who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

#### **4. Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

#### **5. Foreign Account Tax Compliance Act Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. Each of the Issuers may be a foreign financial institution for these purposes. A number of jurisdictions (including Singapore) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of these rules to securities such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on securities such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on securities such as the Securities, such withholding would not apply prior to 1 January 2019 and Securities issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Securities that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

Noteholders and Securityholders should consult their own tax advisers regarding how these rules may apply to their investment in the Securities.

## **SUBSCRIPTION, PURCHASE AND DISTRIBUTION**

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe for or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

The Arranger, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business. The Issuer may from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as may be specified in the applicable Pricing Supplement).

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

In connection with the issue of any Tranche of Securities, such Securities, when issued, may not have a market. The Dealer or Dealers (if any) may advise the Issuer that they intend to make a market in such Securities as permitted by applicable law. They are not obligated, however, to make a market in the Securities and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for such Securities.

The Arranger, the Dealers or any of their respective affiliates may purchase Securities for its own account or enter into secondary market transactions or derivative transactions relating to the Securities, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps, at the same time as the offering of the Securities. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Information Memorandum relates (notwithstanding that such selected counterparties may also be a purchaser of the Securities). As a result of such transactions, the Arranger, the Dealers or any of their respective affiliates may hold long or short positions relating to the Securities.

The Arranger, the Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and enter into other transactions in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Securities issued under the Programme, may be entered into at the same time or proximate to offers and sales of Securities or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Securities. Securities issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

Accordingly, references herein to the Securities being “offered” should be read as including any offering of the Securities to the Arranger, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

While the Arranger, the Dealers and/or any of their respective affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause the Arranger, the Dealers or any of their respective affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Securities. The Arranger, the Dealers or any of their respective affiliates may receive returns on such transactions and have no obligations to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Securities.

### **United States**

The Securities have not been and will not be registered under the Securities Act, and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in transactions not subject to the registration requirements of Regulation S of the Securities Act (“**Regulation S**”). Terms used in this paragraph have the meanings given to them by Regulation S.

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the Principal Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Securities are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of any identifiable tranche of Securities within the United States by any dealer that is not participating in the offering of such tranche of Securities may violate the registration requirements of the Securities Act.

This Information Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Securities outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Securities, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States. Distribution of this Information Memorandum by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

## European Union

Unless the Pricing Supplement in respect of any Securities specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (b) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the “**Insurance Mediation Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (c) not a qualified investor as defined in the Prospectus Directive (as defined below); and
- (ii) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

If the Pricing Supplement in respect of any Securities specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (i) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,



provided that no such offer of Securities referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Securities to the public**” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, or superseded) and includes any relevant implementing measure in the Relevant Member State.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Securities which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“**SFO**”) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to

Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that Ordinance.

## **Singapore**

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the “SFA” is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

## **General**

The selling restrictions herein contained may be modified, varied or amended from time to time by notification from the Issuer to the Dealers and each Dealer has undertaken that it will at all times comply with all such selling restrictions.

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any offer document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum, any Pricing Supplement or any other document in connection with the offer or sale, or invitation for subscription or purchase, of the Securities.

*Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.*

## GENERAL AND OTHER INFORMATION

### INFORMATION ON DIRECTORS

1. The name, age and position of each of the Directors are set out below:

| Name                      | Age | Position  |
|---------------------------|-----|---|
| Mr Ng Ser Miang           | 70  | Chairman and Non-Executive Independent Director |
| Mr Quek Hong Sheng Roy    | 49  | Executive Director and Chief Executive Officer  |
| Mr Wilson Sam             | 43  | Executive Director and Chief Financial Officer  |
| Mr Heng Kim Chuan Freddie | 66  | Non-Executive Non-Independent Director          |
| Mr Lim Wee Kiat           | 26  | Non-Executive Non-Independent Director          |
| Mr Ong Pang Liang         | 60  | Non-Executive Independent Director              |
| Dr Lam Lee G              | 60  | Non-Executive Independent Director              |

2. Save for Mr Lim Wee Kiat, who is the son of Mr Lim Eng Hock, none of the Directors is related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer.
3. No Director is or was involved in any of the following events:
- (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
  - (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or
  - (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
4. The interests of the substantial shareholders and the Directors of the Issuer in the Shares as at the LPD are as follows:

| Substantial shareholders      | Direct interest | %     | Deemed interest | %                  |
|-------------------------------|-----------------|-------|-----------------|--------------------|
| Bellton International Limited | –               | 0.00  | 586,347,894     | 2.22 <sup>1</sup>  |
| Garville Pte. Ltd.            | 111,930,588     | 0.42  | 183,848,294     | 0.70 <sup>2</sup>  |
| Jovina Investments Limited    | –               | 0.00  | 967,311,317     | 3.66 <sup>1</sup>  |
| Lim Eng Hock                  | 14,333,333,334  | 54.21 | 23,182,771,427  | 87.68 <sup>3</sup> |

## Directors

|                |   |      |            |                   |
|----------------|---|------|------------|-------------------|
| Ng Ser Miang   | – | 0.00 | 15,600,000 | 0.06 <sup>4</sup> |
| Ong Pang Liang | – | 0.00 | 15,000,000 | 0.06 <sup>1</sup> |

### Notes:

- (1) These shares are held through nominees.
- (2) Garville Pte. Ltd. is deemed interested in the shares registered in the name of Garville (Hong Kong) Limited by virtue of Section 4 of the SFA.
- (3) Mr Lim Eng Hock is deemed interested in the shares held through a nominee and shares registered in the name of Jovina Investments Limited, Bellton International Limited, Garville Pte. Ltd. and Garville (Hong Kong) Limited by virtue of Section 4 of the SFA.
- (4) Mr Ng Ser Miang is deemed interested in the shares held through a nominee and shares registered in the name of his spouse by virtue of Section 4 of the SFA.

## SHARE CAPITAL

5. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Constitution of the Issuer.
6. The issued share capital of the Issuer as at LPD is as follows:

| Share Designation | Issued Share Capital |                     |
|-------------------|----------------------|---------------------|
|                   | (Number of Shares)   | Amount              |
| Ordinary Shares   | 26,441,016,807       | S\$1,812,432,109.78 |

## BORROWINGS

7. Save as disclosed in Appendix II, the Group had as at 31 December 2018 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

## WORKING CAPITAL

8. The Issuer is of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, the Issuer will have adequate working capital for their present requirements.

## CHANGES IN ACCOUNTING POLICIES

9. Save as disclosed in the section “Selected Consolidated Financial Information” and in Appendix III, there has been no significant change in the accounting policies of the Issuer since its audited consolidated financial statements for FY2018.

## LITIGATION

10. There are no legal or arbitration proceedings pending or, to the best of the Issuer’s knowledge after making all reasonable enquiries, threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer or the Group taken as a whole.

## **MATERIAL ADVERSE CHANGE**

11. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 31 December 2018.

## **CONSENT**

12. Ernst & Young LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

13. Copies of the following documents may be inspected at the registered office of the Issuer at 101 Thomson Road #20-04/05 United Square, Singapore 307591 during normal business hours for a period of six months from the date of this Information Memorandum:
  - (a) the Constitution of the Issuer;
  - (b) the Trust Deed;
  - (c) the letter of consent referred to in paragraph 12 above; and
  - (d) the audited consolidated financial statements of the Group for FY2018.

## **FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE AND THE NOTES SECURITY TRUSTEE**

14. The functions, rights and obligations of the Trustee and the Notes Security Trustee are set out in the Trust Deed.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THOMSON  
MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

*The information in this Appendix II has been reproduced from the auditor's report on the consolidated financial statements of Thomson Medical Group Limited and its subsidiaries for FY2018 and has not been specifically prepared for inclusion in this Information Memorandum.*



Company Registration No. 199908381D

## Thomson Medical Group Limited and its Subsidiaries

Annual Financial Statements  
31 December 2018



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## **Thomson Medical Group Limited and its Subsidiaries**

### **Directors' statement**

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The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Thomson Medical Group Limited (the Company) and its subsidiaries (collectively, the Group) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

#### **Opinion of the directors**

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

#### **Directors**

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

|                        |                              |
|------------------------|------------------------------|
| Ng Ser Miang           |                              |
| Quek Hong Sheng Roy    | (Appointed on 25 April 2018) |
| Wilson Sam             | (Appointed on 15 March 2019) |
| Heng Kim Chuan Freddie | (Appointed on 25 April 2018) |
| Lim Wee Kiat           | (Appointed on 15 March 2019) |
| Ong Pang Liang         |                              |
| Gary Ho Kwat Foong     |                              |

#### **Arrangements to enable directors to acquire shares and debentures**

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## Thomson Medical Group Limited and its Subsidiaries

### Directors' statement

#### Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares, warrants and debentures of the Company and related corporations as stated below:

| Name of director  | Direct interest held in the name of the director or nominee |                              | Deemed interest   |                              |
|---|---|------------------------------|---|------------------------------|
|   | At the beginning of financial year or date of appointment   | At the end of financial year | At the beginning of financial year or date of appointment | At the end of financial year |
| <b>Thomson Medical Group Limited</b>  |   |                              |   |                              |
| <i>Ordinary shares</i>  |   |                              |   |                              |
| Ng Ser Miang  | 3,000,000   | 3,000,000                    | 2,200,000   | 2,200,000                    |
| Lai Huen Poh  | 146,777,400   | 146,777,400                  | –   | –                            |
| Ong Pang Liang  | 5,000,000   | 5,000,000                    | –   | –                            |
| <i>Bonus warrants issued at an exercise price of S\$0.08 for each share<sup>1</sup></i> |   |                              |   |                              |
| Ng Ser Miang  | –   | 6,000,000                    | –   | 4,400,000                    |
| Lai Huen Poh  | –   | 293,554,800                  | –   | –                            |
| Ong Pang Liang  | –   | 10,000,000                   | –   | –                            |
| <i>Note Programme<sup>2</sup></i>   |   |                              |   |                              |
| Tan Wee Tuck  | 2   | –                            | –   | –                            |
| <b>Subsidiary of the Company</b>  |   |                              |   |                              |
| <b>TMC Life Sciences Berhad</b>   |   |                              |   |                              |
| <i>Employees' share option scheme<sup>3</sup></i>                                       |   |                              |   |                              |
| Quek Hong Sheng Roy   | 3,500,000   | 3,500,000                    | –   | –                            |
| Heng Kim Chuan Freddie  | 2,000,000   | 2,000,000                    | –   | –                            |

(1) On 25 April 2018, the Company issued and allotted 9,476,834,822 bonus warrants (Bonus Warrant) to the shareholders pursuant to the very substantial acquisition of Sasteria Pte Ltd. Each Bonus Warrant entitles the warrant holder to subscribe for one new ordinary share in the share capital of the Company at an original exercise price of S\$0.09 for each new share. These warrants are exercisable from 25 April 2018 to 24 April 2019. Under the terms and conditions of the Bonus Warrants, the exercise price of the Bonus Warrants may be adjusted as a result of certain events. On 23 January 2019, the exercise price of the Bonus Warrants has been adjusted to \$0.08. At the end of the financial year, a total of 9,475,704,822 warrants outstanding.

(2) This refers to the \$100 million Notes issued under the \$500 million Medium Term Notes (MTN) established by the Company on 17 November 2014. The Notes held by the director has an aggregate principal amount of \$500,000. The Company has fully redeemed the Notes during the year.

(3) This refers to the employees' share option scheme (as described below) in which options were granted by the subsidiary to the directors have lapsed following the resignation of the directors on 25 January 2019.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

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

## Thomson Medical Group Limited and its Subsidiaries

### Directors' statement

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#### Share options

##### *TMG Group Share Option Scheme 2012 (the Scheme)*

The Scheme (formerly known as Rowsley Group Share Option Scheme 2012) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 26 June 2012. The Scheme is administered by a committee which consists of directors of the Company.

During the financial year, there were:

- (i) No options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) No shares issued by virtue of any exercise of options to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under the Scheme.

##### *TMCLS Employees' Share Option Scheme (ESOS)*

The Company's subsidiary, TMC Life Sciences Berhad (TMCLS) implemented an ESOS scheme in 2015 for a period of five (5) years till 28 May 2020. The ESOS which is administered by the Option Committee (OC) of the subsidiary, is granted to eligible directors and employees (Eligible Persons) of TMCLS to subscribe for shares in TMCLS.

The main features of the ESOS are as follows:

- (a) The Eligible Persons must be at least eighteen (18) years of age on the Date of Offer, who are confirmed on the Date of Offer (in respect of employee only) and have served full time for at least a period of one (1) year of continuous service before the Date of Offer;
- (b) The total number of shares offered under the ESOS shall not in aggregate, exceed 15% of the issued and paid-up ordinary share capital (excluding treasury shares) of TMCLS at any time during the existence of the ESOS;
- (c) The option granted to the Eligible Persons shall be subject to a minimum of one hundred (100) Options and in multiples of one hundred (100) Options and is subject to the following:
  - (i) Not more than 10% of the shares available under the ESOS shall be allocated to an Eligible Person, who either singly or collectively through persons connected with Eligible Persons, hold 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares) of TMCLS.
- (d) An option granted under ESOS may be exercised by the grantee upon achieving the vesting conditions set by the OC and is subject to the allotment of shares of 20% per year over the vesting period of five (5) years; and
- (e) The shares shall on issue and allotment rank pari passu in all respects with the then existing issued shares of TMCLS.

## Thomson Medical Group Limited and its Subsidiaries

### Directors' statement

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#### Share options (cont'd)

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

Details of the options to subscribe for ordinary shares of TMCLS pursuant to the ESOS as at 31 December 2018 are as follows:

| Expiry date | Exercise Price (MYR) | Number of options |
|-------------|----------------------|-------------------|
| 28 May 2020 | 0.75                 | 15,093,000        |
| 28 May 2020 | 0.94                 | 12,035,000        |
|             |                      | <hr/>             |
|             |                      | 27,128,000        |
|             |                      | <hr/>             |

Since the commencement of the ESOS Scheme till the end of the financial year, the options granted by TMCLS do not entitle the holder of the options to participate, by virtue of the options, in any share issue of any other corporation, other than the TMG Group Share Option Scheme 2012 and Share Grant Plan 2015.

#### Share incentive

The Share Grant Plan 2015 (the Plan) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 29 April 2015. The Plan is administered by a committee which consists of directors of the Company.

During the financial year, there were no shares awarded by the Company to any person pursuant to the release of awards granted under the Plan.

#### Warrants

- (a) On 25 April 2018, the Company issued and allotted 9,476,834,822 bonus warrants to existing shareholders on the basis of two bonus warrants for every one existing ordinary share pursuant to the very substantial acquisition of Sasteria Pte Ltd. Each bonus warrant carried the right to subscribe for one ordinary share in the share capital of the Company at an original exercise price of S\$0.09 which has been adjusted to S\$0.08 with effect from 23 January 2019 in cash during the exercise period. The bonus warrants will expire on 24 April 2019. At the end of the financial year, 9,475,704,822 bonus warrants were outstanding.

During the financial year, 1,130,000 bonus warrants have been exercised and 1,130,000 new ordinary shares were issued.

Additionally, pursuant to the bonus warrants, 9,476,834,822 piggyback warrants will be issued and allotted to the bonus warrant holders on the basis of one piggyback warrant for every one bonus warrant exercised. Each piggyback warrant entitles the piggyback warrant holder to subscribe for one new ordinary share in the share capital of the Company at the original exercise price of \$0.12, which has been adjusted to \$0.11 with effect from 23 January 2019, in cash. The piggyback warrant will expire on 24 April 2022. At the end of the financial year, 1,130,000 piggyback warrants have been issued and allotted to the bonus warrant holders.

- (b) TMCLS has a total of 866,344,784 outstanding warrants, issued on 25 June 2015 and expiring on 21 June 2019. These warrants can be exercised into an aggregate of up to 866,344,784 ordinary shares of TMCLS, at an exercise price of MYR0.75 per share during the exercise period.



**Thomson Medical Group Limited and its Subsidiaries**

**Directors' statement**

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**Audit and Risk Management Committee**

The Audit and Risk Management Committee (ARMC) carried out the functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, and in accordance with the Singapore Exchange Securities Trading Limited's Listing Manual, including the Code of Corporate Governance. The functions performed are detailed in the Corporate Governance Report.

**Auditor**

Ernst & Young LLP have expressed their willingness to accept re-appointment as independent auditor.

On behalf of the board of directors:



Quek Hong Sheng Roy  
Director



Heng Kim Chuan Freddie  
Director

Singapore

29 March 2019

## **Thomson Medical Group Limited and its Subsidiaries**

### **Independent auditor's report For the financial year ended 31 December 2018**

#### **Independent auditor's report to the members of Thomson Medical Group Limited**

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### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Thomson Medical Group Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the statements of financial position of the Group and Company as at 31 December 2018, the statements of changes in equity of the Group and Company, and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

#### **Basis for opinion**

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

#### **Key audit matters**

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

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

**Thomson Medical Group Limited and its Subsidiaries**

**Independent auditor's report  
For the financial year ended 31 December 2018**

**Independent auditor's report to the members of Thomson Medical Group Limited**

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**Key audit matters (cont'd)**

***Impairment of goodwill and property and equipment attributable to BB Waterfront Sdn Bhd***

As at 31 December 2018, the carrying amount of the Group's goodwill arising from the acquisition of BB Waterfront Sdn Bhd (BBWF) is \$63,667,000. The carrying value of BBWF's property and equipment, which comprises mainly freehold land located in Johor Bahru, Malaysia, amounted to \$68,818,000. The aggregate value of goodwill and property and equipment attributable to BBWF represents 8.9% of the Group's total assets.

Cash-generating units (CGUs) to which goodwill and property and equipment have been allocated is tested for impairment annually and whenever there is an indication that the carrying value of the CGU may be impaired. Impairment is determined for goodwill and property and equipment by assessing the recoverable amount of each CGU (or group of CGUs) to which the assets relate. For the purpose of the impairment assessment, management has identified BBWF as a CGU.

Management has assessed the recoverable amount of BBWF based on value-in-use (VIU) calculations using cash flow projections from financial budgets approved by management. This assessment requires management to make judgements over certain key inputs for the projections in relation to growth rates, pre-tax discount rates and market share assumptions.

Given the significance of the goodwill and property and equipment attributable to BBWF, and significant judgement and estimation involved in assessing the recoverable amount of BBWF, we have identified this as a key audit matter.

Our audit procedures included, amongst others, reviewing management's assessment of the recoverable amount of BBWF. This includes assessing the reasonableness of the key assumptions used in the VIU calculations in relation to growth rates and market share, and comparing these assumptions against historical trends and available industry data. We also assessed the reasonableness of the pre-tax discount rates used to determine the present value of the recoverable amount of BBWF by comparing to external observable data, with the assistance of our internal valuation specialists. We further reviewed management's analysis of the sensitivity of the recoverable amount to changes in the key assumptions.

In addition, we assessed the adequacy of the disclosures related to goodwill and property and equipment in Note 2.4(b) Business combinations and goodwill, Note 2.7 Property and equipment, Note 2.8 Intangible assets, Note 2.11 Impairment of non-financial assets, Note 3.2(b) Impairment of goodwill, Note 3.2(c) Impairment of property and equipment attributable to BBWF, Note 13 Property and equipment and Note 14 Intangible assets to the financial statements.

***Impairment of investment property and development property located in Johor Bahru, Malaysia***

As at 31 December 2018, the Group's investment property and development property located in Johor Bahru, Malaysia amounted to \$150,606,000 and \$142,916,000 respectively, which in aggregate represented 19.7% of the Group's total assets. Investment property is carried at cost less impairment losses, whilst development property is carried at the lower of cost and net realisable value (NRV). These assets are held through a wholly-owned subsidiary, Vantage Bay JB Sdn. Bhd. (VBJB).

Management performs an impairment review on the investment property and development property when there are indicators of impairment. Management assessed the recoverable amount of the investment property and the NRV of the development property based on valuations obtained from an independent valuer. These valuations involve various underlying assumptions and techniques used by the independent valuer.

## Thomson Medical Group Limited and its Subsidiaries

Independent auditor's report  
For the financial year ended 31 December 2018

### Independent auditor's report to the members of Thomson Medical Group Limited

#### Key audit matters (cont'd)

##### ***Impairment of investment property and development property located in Johor Bahru, Malaysia (cont'd)***

Given the magnitude of these assets and significant judgement and estimation involved in assessing the recoverable amount of the investment property and in assessing the NRV of the development property, we have identified this as a key audit matter.

Our audit procedures included, amongst others, reviewing management's assessment of the recoverable amount of the investment property and the NRV of the development property. This includes evaluating the objectivity, competence and capability of the independent valuer. We also involved our internal valuation specialists in assessing the appropriateness of the valuation method and key assumptions used in the valuations, such as the size and location of the investment property and development property, by comparing to available industry data and taking into consideration current market factors.

We also assessed the adequacy of the disclosures related to investment property and development property in Note 2.9 Investment property, Note 2.10 Development property, Note 2.11 Impairment of non-financial assets, Note 3.2(d) Impairment of investment property and development property, Note 17 Investment property and Note 19 Development property to the financial statements.

##### ***Revenue from architectural and engineering services***

On 1 January 2018, the Group adopted SFRS (I) 15 *Revenue from Contracts with Customers*. The Group's revenue from architectural and engineering services amounted to \$79,876,000 for the financial year ended 31 December 2018. The revenue from these services are generated from the Group's subsidiaries included in discontinued operation and disposal group classified as held for distribution as at 31 December 2018 (the Real Estate Business). The revenue from these services continues to be recognised over time in profit or loss, measured by reference to the percentage of contract costs incurred to-date to the total budgeted costs for each project. On recognition of revenue over time, the amount of revenue and resultant profit or loss recognised in a year, and the identification of loss-making projects, is dependent, amongst others, on the total budgeted costs to be incurred for each project. The estimation of budgeted costs for each project is subject to uncertainty as a result of the extent of estimation involved in assessing the total costs to complete each project and amounts of variation claims from service providers. Further, if specific circumstances arise, such as contract prepayments or contract modifications, this may result in a risk of incorrect recognition of revenue. As such, we have identified revenue from architectural and engineering services as a key audit matter.

To address the risk of material misstatement relating to revenue from architectural and engineering services, our audit procedures included, amongst others, obtaining an understanding of the internal controls with respect to project budgeting and monitoring process, inquiring management on the status of on-going and significant projects, and assessing the adequacy of provision for onerous contracts through comparison of total contract revenue against actual costs incurred to date and costs to complete each project. We also evaluated the appropriateness of the budgeted costs by testing the reasonableness of the key inputs such as total manpower resources and sub-contractor costs, and considered the implications of changes in budget estimates. The progress of material projects were discussed with management, including the identification of potential delays or cost overruns that may require revision in budgeted costs.

## **Thomson Medical Group Limited and its Subsidiaries**

### **Independent auditor's report For the financial year ended 31 December 2018**

#### **Independent auditor's report to the members of Thomson Medical Group Limited**

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#### **Key audit matters (cont'd)**

##### ***Revenue from architectural and engineering services (cont'd)***

In addition to the above procedures, we assessed the adequacy of the disclosures related to revenue in Note 2.24 Revenue, Note 3.2(e) Revenue from architectural and engineering services, Note 4 Revenue and Note 11 Discontinued operation and disposal group classified as held for distribution to the financial statements.

#### **Other information**

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

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

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

#### **Responsibilities of management and directors for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), 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.

#### **Auditor's responsibilities for the audit of the financial statements**

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



## **Thomson Medical Group Limited and its Subsidiaries**

### **Independent auditor's report For the financial year ended 31 December 2018**

#### **Independent auditor's report to the members of Thomson Medical Group Limited**

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#### **Auditor's responsibilities for the audit of the financial statements (cont'd)**

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

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

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

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

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

**Thomson Medical Group Limited and its Subsidiaries**

**Independent auditor's report  
For the financial year ended 31 December 2018**

**Independent auditor's report to the members of Thomson Medical Group Limited**

**Other matter**

*Unaudited comparative figures*

The consolidated financial statements of the Group for the financial year ended 31 December 2017 and the consolidated statement of financial position of the Group as at 1 January 2017 were not audited and our opinion does not relate to the consolidated financial statements of the Group for the financial year ended 31 December 2017 and the consolidated statement of financial position of the Group as at 1 January 2017.

**Report on other legal and regulatory requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Max Loh Khum Whai.

Ernst. Young & P

Ernst & Young LLP

Public Accountants and  
Chartered Accountants  
Singapore

29 March 2019



Thomson Medical Group Limited and its Subsidiaries

Consolidated statement of profit or loss  
For the financial year ended 31 December 2018

(Amounts in Singapore dollars)

|  | Note  | 2018<br>\$'000 | 2017<br>\$'000<br>Unaudited |
|--|-------|----------------|-----------------------------|
| <b>Continuing operations</b>   |       |                |                             |
| Revenue  | 4     | 215,610        | 200,579                     |
| Other income   | 5     | 6,126          | 7,643                       |
| Inventories and consumables used   |       | (44,657)       | (40,425)                    |
| Staff costs  | 8     | (60,330)       | (57,522)                    |
| Depreciation and amortisation expenses   |       | (11,528)       | (10,379)                    |
| Other operating expenses   |       | (68,038)       | (65,242)                    |
| <b>Profit from operating activities</b>  |       | 37,183         | 34,654                      |
| Finance income   |       | 3,031          | 2,691                       |
| Finance costs  | 6     | (18,173)       | (9,890)                     |
| <b>Net finance cost</b>  |       | (15,142)       | (7,199)                     |
| <b>Profit before tax from continuing operations</b>  | 7     | 22,041         | 27,455                      |
| Income tax expense   | 10    | (7,341)        | (6,331)                     |
| <b>Profit from continuing operations, net of tax</b>   |       | 14,700         | 21,124                      |
| <b>Discontinued operation</b>  |       |                |                             |
| Loss from discontinued operation, net of tax   | 11    | (10,640)       | (40,421)                    |
| <b>Profit/(loss) for the year</b>  |       | 4,060          | (19,297)                    |
| <b>Attributable to:</b>  |       |                |                             |
| Owners of the Company, net of tax  |       |                |                             |
| Profit from continuing operations  |       | 10,843         | 16,269                      |
| Loss from discontinued operation   |       | (8,682)        | (38,602)                    |
| <b>Profit/(loss) for the year attributable to owners of the Company</b>                                      |       | 2,161          | (22,333)                    |
| Non-controlling interests, net of tax  |       |                |                             |
| Profit from continuing operations  |       | 3,857          | 4,854                       |
| Loss from discontinued operation   |       | (1,958)        | (1,818)                     |
| <b>Profit for the year attributable to non-controlling interests</b>   |       | 1,899          | 3,036                       |
| <b>Earnings per share from continuing operations attributable to owners of the Company (cents per share)</b> |       |                |                             |
| Basic  | 12(a) | 0.042          | 0.062                       |
| Diluted  | 12(a) | 0.041          | 0.062                       |
| <b>Earnings/(loss) per share (cents per share)</b>   |       |                |                             |
| Basic  | 12(b) | 0.008          | (0.086)                     |
| Diluted  | 12(b) | 0.008          | (0.086)                     |

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

Thomson Medical Group Limited and its Subsidiaries

**Consolidated statement of comprehensive income  
For the financial year ended 31 December 2018**

(Amounts in Singapore dollars)

|   | 2018<br>\$'000 | 2017<br>\$'000<br><b>Unaudited</b> |
|---|----------------|------------------------------------|
| <b>Profit/(loss) for the year</b>   | 4,060          | (19,297)                           |
| <b>Other comprehensive income:</b>  |                |                                    |
| <i>Item that will not be reclassified to profit or loss</i>   |                |                                    |
| Net change in fair value of equity instruments at fair value through other comprehensive income (FVOCI) | (878)          | -                                  |
| <i>Items that may be reclassified subsequently to profit or loss</i>                                    |                |                                    |
| Net change in fair value of available-for-sale financial assets   | -              | (101)                              |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss          | -              | 143                                |
| Foreign currency translation  | (308)          | 12,949                             |
| <b>Other comprehensive income for the year, net of tax</b>  | (1,186)        | 12,991                             |
| <b>Total comprehensive income for the year</b>  | 2,874          | (6,306)                            |
| <b>Attributable to:</b>   |                |                                    |
| Owners of the Company   | 806            | (12,224)                           |
| Non-controlling interests   | 2,068          | 5,918                              |
| <b>Total comprehensive income for the year</b>  | 2,874          | (6,306)                            |
| <b>Attributable to:</b>   |                |                                    |
| <b>Owners of the Company</b>  |                |                                    |
| Total comprehensive income from continuing operations, net of tax                                       | 7,991          | 27,085                             |
| Total comprehensive income from discontinued operation, net of tax                                      | (7,185)        | (39,309)                           |
| <b>Total comprehensive income for the year attributable to owners of the Company</b>                    | 806            | (12,224)                           |

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

Thomson Medical Group Limited and its Subsidiaries

Statements of financial position  
As at 31 December 2018

(Amounts in Singapore dollars)

|  |      | Group            |                  |                         | Company          |                |                         |
|--|------|------------------|------------------|-------------------------|------------------|----------------|-------------------------|
|  | Note | 2018<br>\$'000   | 2017<br>\$'000   | 1 Jan<br>2017<br>\$'000 | 2018<br>\$'000   | 2017<br>\$'000 | 1 Jan<br>2017<br>\$'000 |
| Unaudited  |      |                  |                  |                         |                  |                |                         |
| <b>ASSETS</b>  |      |                  |                  |                         |                  |                |                         |
| <b>Non-current assets</b>                                    |      |                  |                  |                         |                  |                |                         |
| Property and equipment                                       | 13   | 345,784          | 400,743          | 388,393                 | 399              | 123            | 161                     |
| Intangible assets  | 14   | 489,130          | 547,688          | 568,910                 | —                | —              | —                       |
| Investment in subsidiaries                                   | 15   | —                | —                | —                       | 2,294,803        | 463,781        | 507,416                 |
| Investment in associates                                     | 16   | —                | 27,321           | 26,866                  | —                | —              | —                       |
| Investment property  | 17   | 150,606          | 151,612          | 148,444                 | —                | —              | —                       |
| Other investments  | 18   | —                | 1,940            | 2,041                   | —                | —              | —                       |
| Deferred tax assets  | 25   | —                | 532              | 548                     | —                | —              | —                       |
|  |      | 985,520          | 1,129,836        | 1,135,202               | 2,295,202        | 463,904        | 507,577                 |
| <b>Current assets</b>  |      |                  |                  |                         |                  |                |                         |
| Development property   | 19   | 142,916          | 143,152          | 140,163                 | —                | —              | —                       |
| Contract assets  | 4    | —                | 32,422           | 35,863                  | —                | —              | —                       |
| Inventories  | 20   | 5,540            | 5,175            | 4,462                   | —                | —              | —                       |
| Trade and other receivables                                  | 21   | 22,939           | 57,301           | 55,992                  | 175,843          | 4,543          | 10,007                  |
| Cash and short-term deposits                                 | 22   | 121,745          | 140,991          | 148,462                 | 6,141            | 5,881          | 6,644                   |
|  |      | 293,140          | 379,041          | 384,942                 | 181,984          | 10,424         | 16,651                  |
| Assets of disposal group classified as held for distribution | 11   | 210,406          | —                | —                       | 154,041          | —              | —                       |
|  |      | 503,546          | 379,041          | 384,942                 | 336,025          | 10,424         | 16,651                  |
| <b>Total assets</b>  |      | <b>1,489,066</b> | <b>1,508,877</b> | <b>1,520,144</b>        | <b>2,631,227</b> | <b>474,328</b> | <b>524,228</b>          |

**Thomson Medical Group Limited and its Subsidiaries**

**Statements of financial position  
As at 31 December 2018**

(Amounts in Singapore dollars)

|   |      | Group          |                |                         | Company        |                |                         |
|---|------|----------------|----------------|-------------------------|----------------|----------------|-------------------------|
|   | Note | 2018<br>\$'000 | 2017<br>\$'000 | 1 Jan<br>2017<br>\$'000 | 2018<br>\$'000 | 2017<br>\$'000 | 1 Jan<br>2017<br>\$'000 |
|   |      |                | Unaudited      |                         |                |                |                         |
| <b>Current liabilities</b>  |      |                |                |                         |                |                |                         |
| Contract liabilities  | 4    | 3,410          | 9,374          | 6,416                   | -              | -              | -                       |
| Trade and other payables  | 23   | 40,235         | 70,159         | 61,110                  | 1,839          | 5,707          | 2,563                   |
| Amounts due to the ultimate controlling shareholder                                     |      | 9,811          | 437,391        | 467,142                 | 9,811          | -              | -                       |
| Income tax payable  |      | 8,316          | 8,622          | 8,887                   | -              | -              | -                       |
| Interest-bearing loans and borrowings   | 24   | 236,636        | 100,120        | 1,024                   | 129,569        | 99,906         | -                       |
| Purchase consideration payable  | 26   | -              | 800            | -                       | -              | -              | -                       |
|   |      | 298,408        | 626,466        | 544,579                 | 141,219        | 105,613        | 2,563                   |
| Liabilities directly associated with disposal group classified as held for distribution | 11   | 57,603         | -              | -                       | -              | -              | -                       |
|   |      | 356,011        | 626,466        | 544,579                 | 141,219        | 105,613        | 2,563                   |
| <b>Net current assets/(liabilities)</b>   |      | 147,535        | (247,425)      | (159,637)               | 194,806        | (95,189)       | 14,088                  |
| <b>Non-current liabilities</b>  |      |                |                |                         |                |                |                         |
| Deferred tax liabilities  | 25   | 6,960          | 11,510         | 10,185                  | -              | 20             | 20                      |
| Interest-bearing loans and borrowings   | 24   | 341,665        | 121,102        | 215,914                 | -              | -              | 99,526                  |
| Purchase consideration payable  | 26   | -              | 12,842         | 11,513                  | -              | -              | -                       |
| Provision   | 27   | 297            | 194            | 189                     | -              | -              | -                       |
|   |      | 348,922        | 145,648        | 237,801                 | -              | 20             | 99,546                  |
| <b>Total liabilities</b>  |      | 704,933        | 772,114        | 782,380                 | 141,219        | 105,633        | 102,109                 |
| <b>Net assets</b>   |      | 784,133        | 736,763        | 737,764                 | 2,490,008      | 368,695        | 422,119                 |

Thomson Medical Group Limited and its Subsidiaries

Statements of financial position  
As at 31 December 2018

(Amounts in Singapore dollars)

|   | Note | Group            |                  |                                      | Company          |                |                         |
|---|------|------------------|------------------|--------------------------------------|------------------|----------------|-------------------------|
|   |      | 2018<br>\$'000   | 2017<br>\$'000   | 1 Jan<br>2017<br>\$'000<br>Unaudited | 2018<br>\$'000   | 2017<br>\$'000 | 1 Jan<br>2017<br>\$'000 |
| <b>Equity attributable to owners of the Company</b>           |      |                  |                  |                                      |                  |                |                         |
| Share capital   | 28   | 2,772,209        | 788,267          | 782,967                              | 2,772,209        | 788,267        | 782,967                 |
| Accumulated losses  |      | (97,499)         | (99,660)         | (77,327)                             | (282,201)        | (419,572)      | (360,848)               |
| Other reserves  | 29   | (1,959,396)      | (67,471)         | (77,400)                             | –                | –              | –                       |
| Reserve of disposal group classified as held for distribution | 11   | (1,276)          | –                | –                                    | –                | –              | –                       |
|   |      | 714,038          | 621,136          | 628,240                              | 2,490,008        | 368,695        | 422,119                 |
| Non-controlling interests                                     |      | 70,095           | 115,627          | 109,524                              | –                | –              | –                       |
| <b>Total equity</b>   |      | <b>784,133</b>   | <b>736,763</b>   | <b>737,764</b>                       | <b>2,490,008</b> | <b>368,695</b> | <b>422,119</b>          |
| <b>Total equity and liabilities</b>                           |      | <b>1,489,066</b> | <b>1,508,877</b> | <b>1,520,144</b>                     | <b>2,631,227</b> | <b>474,328</b> | <b>524,228</b>          |

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

Thomson Medical Group Limited and its Subsidiaries

Statements of changes in equity  
For the financial year ended 31 December 2018

(Amounts in Singapore dollars)

|  | Attributable to owners of the Company |   |                                |                       |   |                        |                        |                           |                          |                                   | Reserve of disposal group classified as held for distribution (Note 11) \$'000 |                           |                |
|--|---------------------------------------|---|--------------------------------|-----------------------|---|------------------------|------------------------|---------------------------|--------------------------|-----------------------------------|--|---------------------------|----------------|
|  | Equity, total \$'000                  | Equity attributable to owners of the Company \$'000 | Share capital (Note 28) \$'000 | Merger reserve \$'000 | Foreign currency translation reserve \$'000 | Capital reserve \$'000 | Warrant reserve \$'000 | Fair value reserve \$'000 | Statutory reserve \$'000 | Assets revaluation reserve \$'000 |  | Accumulated losses \$'000 |                |
| <b>Group 2018</b>  |                                       |   |                                |                       |   |                        |                        |                           |                          |                                   |  |                           |                |
| Opening balance at 1 January 2018 (FRS framework)            | 740,688                               | 625,061   | 788,267                        | 100                   | (86,390)                                    | 2,791                  | 15,426                 | 405                       | 197                      | 89,462                            | (185,197)  | -                         | 115,627        |
| Cumulative effects of adopting SFRS(I) framework             | (3,925)                               | (3,925)   | -                              | -                     | -   | -                      | -                      | -                         | -                        | (89,462)                          | 85,537   | -                         | -              |
| <b>Opening balance at 1 January 2018 (SFRS(I) framework)</b> | <b>736,763</b>                        | <b>621,136</b>                                      | <b>788,267</b>                 | <b>100</b>            | <b>(86,390)</b>                             | <b>2,791</b>           | <b>15,426</b>          | <b>405</b>                | <b>197</b>               | <b>-</b>                          | <b>(99,660)</b>  | <b>-</b>                  | <b>115,627</b> |
| Profit for the year  | 4,060                                 | 2,161   | -                              | -                     | -   | -                      | -                      | -                         | -                        | -                                 | 2,161  | -                         | 1,899          |
| Other comprehensive income                                   |                                       |   |                                |                       |   |                        |                        |                           |                          |                                   |  |                           |                |
| Net change in fair value of equity instruments at FVOCI      | (878)                                 | (878)   | -                              | -                     | -   | -                      | -                      | (878)                     | -                        | -                                 | -  | -                         | -              |
| Foreign currency translation                                 | (308)                                 | (477)   | -                              | -                     | (477)                                       | -                      | -                      | -                         | -                        | -                                 | -  | -                         | 169            |
| <b>Other comprehensive income for the year, net of tax</b>   | <b>(1,186)</b>                        | <b>(1,355)</b>                                      | <b>-</b>                       | <b>-</b>              | <b>(477)</b>                                | <b>-</b>               | <b>-</b>               | <b>(878)</b>              | <b>-</b>                 | <b>-</b>                          | <b>-</b>   | <b>-</b>                  | <b>169</b>     |
| <b>Total comprehensive income for the year</b>               | <b>2,874</b>                          | <b>806</b>  | <b>-</b>                       | <b>-</b>              | <b>(477)</b>                                | <b>-</b>               | <b>-</b>               | <b>(878)</b>              | <b>-</b>                 | <b>-</b>                          | <b>2,161</b>   | <b>-</b>                  | <b>2,068</b>   |



Thomson Medical Group Limited and its Subsidiaries

Statements of changes in equity  
For the financial year ended 31 December 2018

(Amounts in Singapore dollars)

|   | Attributable to owners of the Company |   |                                |                       |   |                        |                        |                           |                          |                                   | Reserve of disposal group classified as held for distribution (Note 11) \$'000 | Non-controlling interests \$'000 |                           |
|---|---------------------------------------|---|--------------------------------|-----------------------|---|------------------------|------------------------|---------------------------|--------------------------|-----------------------------------|--|----------------------------------|---------------------------|
|   | Equity, total \$'000                  | Equity attributable to owners of the Company \$'000 | Share capital (Note 28) \$'000 | Merger reserve \$'000 | Foreign currency translation reserve \$'000 | Capital reserve \$'000 | Warrant reserve \$'000 | Fair value reserve \$'000 | Statutory reserve \$'000 | Assets revaluation reserve \$'000 |  |                                  | Accumulated losses \$'000 |
| Group 2018  |                                       |   |                                |                       |   |                        |                        |                           |                          |                                   |  |                                  |                           |
| Contributions by and distributions to owners                |                                       |   |                                |                       |   |                        |                        |                           |                          |                                   |  |                                  |                           |
| Shares issued for acquisition of a subsidiary               | 1,984,000                             | 1,984,000   | 1,984,000                      | -                     | -   | -                      | -                      | -                         | -                        | -                                 | -  | -                                | -                         |
| Shares issued on conversion of warrants                     | 102                                   | 102   | 102                            | -                     | -   | -                      | -                      | -                         | -                        | -                                 | -  | -                                | -                         |
| Shares issuance expenses                                    | (160)                                 | (160)   | (160)                          | -                     | -   | -                      | -                      | -                         | -                        | -                                 | -  | -                                | -                         |
| Grant of equity-settled share options to employees          | 219                                   | -   | -                              | -                     | -   | -                      | -                      | -                         | -                        | -                                 | -  | -                                | 219                       |
| Acquisition of subsidiary under common control              | (1,842,469)                           | (1,842,469)   | -                              | (1,842,469)           | -   | -                      | -                      | -                         | -                        | -                                 | -  | -                                | -                         |
| Dividends paid to non-controlling interests of subsidiaries | (1,177)                               | -   | -                              | -                     | -   | -                      | -                      | -                         | -                        | -                                 | -  | -                                | (1,177)                   |
| <b>Total contributions by and distributions to owners</b>   | <b>140,515</b>                        | <b>141,473</b>                                      | <b>1,983,942</b>               | <b>(1,842,469)</b>    | <b>-</b>                                    | <b>-</b>               | <b>-</b>               | <b>-</b>                  | <b>-</b>                 | <b>-</b>                          | <b>-</b>   | <b>-</b>                         | <b>(958)</b>              |

Thomson Medical Group Limited and its Subsidiaries

Statements of changes in equity  
For the financial year ended 31 December 2018

(Amounts in Singapore dollars)

|  | Attributable to owners of the Company |   |                                |                       |   |                        |                        |                           |                          |                                   | Reserve of disposal group classified as held for distribution (Note 11) \$'000 | Non-controlling interests \$'000 |                           |
|--|---------------------------------------|---|--------------------------------|-----------------------|---|------------------------|------------------------|---------------------------|--------------------------|-----------------------------------|--|----------------------------------|---------------------------|
|  | Equity, total \$'000                  | Equity attributable to owners of the Company \$'000 | Share capital (Note 28) \$'000 | Merger reserve \$'000 | Foreign currency translation reserve \$'000 | Capital reserve \$'000 | Warrant reserve \$'000 | Fair value reserve \$'000 | Statutory reserve \$'000 | Assets revaluation reserve \$'000 |  |                                  | Accumulated losses \$'000 |
| <b>Group 2018</b>  |                                       |   |                                |                       |   |                        |                        |                           |                          |                                   |  |                                  |                           |
| <u>Changes in ownership interests in subsidiaries</u>                                      |                                       |   |                                |                       |   |                        |                        |                           |                          |                                   |  |                                  |                           |
| Acquisition of non-controlling interests without a change in control                       | (94,201)                              | (49,377)  | -                              | -                     | -   | (49,377)               | -                      | -                         | -                        | -                                 | -  | -                                | (44,824)                  |
| Dilution of equity interests in a subsidiary due to the exercise of employee share options | 29                                    | -   | -                              | -                     | -   | -                      | -                      | -                         | -                        | -                                 | -  | -                                | 29                        |
| Disposal of subsidiaries   | (1,847)                               | -   | -                              | -                     | -   | -                      | -                      | -                         | -                        | -                                 | -  | -                                | (1,847)                   |
| <b>Total transactions with owners in their capacity as owners</b>                          | (96,019)                              | (49,377)  | -                              | -                     | -   | (49,377)               | -                      | -                         | -                        | -                                 | -  | -                                | (46,642)                  |
| <u>Others</u>  |                                       |   |                                |                       |   |                        |                        |                           |                          |                                   |  |                                  |                           |
| Reversal attributable to disposal group classified as held for distribution                | -                                     | -   | -                              | -                     | 1,000                                       | -                      | 473                    | (197)                     | -                        | -                                 | -  | (1,276)                          | -                         |
| <b>Total others</b>  | -                                     | -   | -                              | -                     | 1,000                                       | -                      | 473                    | (197)                     | -                        | -                                 | -  | (1,276)                          | -                         |
| <b>Closing balance at 31 December 2018</b>   | 784,133                               | 714,038   | 2,772,209                      | (1,842,369)           | (85,867)                                    | (46,586)               | 15,426                 | -                         | -                        | (97,499)                          | (1,276)  | 70,095                           |                           |

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

Thomson Medical Group Limited and its Subsidiaries

Statements of changes in equity  
For the financial year ended 31 December 2018

(Amounts in Singapore dollars)

|  | Equity,<br>total<br>\$'000 | Attributable to owners of the Company                           |   |                             |   |                              |                              |                                 |                                |  |                                 | Non-<br>controlling<br>interests<br>\$'000 |  |
|--|----------------------------|---|---|-----------------------------|---|------------------------------|------------------------------|---------------------------------|--------------------------------|--|---------------------------------|--|--|
|  |                            | Equity<br>attributable to<br>owners of the<br>Company<br>\$'000 | Share<br>capital<br>(Note 28)<br>\$'000 | Merger<br>reserve<br>\$'000 | Foreign<br>currency<br>translation<br>reserve<br>\$'000 | Capital<br>reserve<br>\$'000 | Warrant<br>reserve<br>\$'000 | Fair value<br>reserve<br>\$'000 | Statutory<br>reserve<br>\$'000 | Assets<br>revaluation<br>reserve<br>\$'000 | Accumulated<br>losses<br>\$'000 |  |  |
| Unaudited<br>Group<br>2017                                     |                            |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |  |
| Opening balance<br>at 1 January 2017<br>(FRS framework)        | 407,400                    | 405,260   | 782,967                                 | -                           | (72,159)  | -                            | -                            | 363                             | 197                            | -  | (306,108)                       | 2,140                                      |  |
| Acquisition of<br>subsidiary under<br>common control           | 329,058                    | 221,674   | -                                       | 100                         | (24,298)  | 2,971                        | 15,426                       | -                               | -                              | 84,231                                     | 143,244                         | 107,384                                    |  |
| Cumulative effects<br>of adopting<br>SFRS(l)<br>framework      | 1,306                      | 1,306   | -                                       | -                           | -   | -                            | -                            | -                               | -                              | (84,231)                                   | 85,537                          | -  |  |
| Opening balance<br>at 1 January 2017<br>(SFRS(l)<br>framework) | 737,764<br>(19,297)        | 628,240<br>(22,333)   | 782,967                                 | 100                         | (96,457)  | 2,971                        | 15,426                       | 363                             | 197                            | -  | (77,327)<br>(22,333)            | 109,524<br>3,036                           |  |
| Loss for the year  |                            |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |  |

Thomson Medical Group Limited and its Subsidiaries

Statements of changes in equity  
For the financial year ended 31 December 2018

(Amounts in Singapore dollars)

|  | Attributable to owners of the Company |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
|--|---------------------------------------|---|---|-----------------------------|---|------------------------------|------------------------------|---------------------------------|--------------------------------|--|---------------------------------|--|
|  | Equity,<br>total<br>\$'000            | Equity<br>attributable to<br>owners of the<br>Company<br>\$'000 | Share<br>capital<br>(Note 28)<br>\$'000 | Merger<br>reserve<br>\$'000 | Foreign<br>currency<br>translation<br>reserve<br>\$'000 | Capital<br>reserve<br>\$'000 | Warrant<br>reserve<br>\$'000 | Fair value<br>reserve<br>\$'000 | Statutory<br>reserve<br>\$'000 | Assets<br>revaluation<br>reserve<br>\$'000 | Accumulated<br>losses<br>\$'000 | Non-<br>controlling<br>interests<br>\$'000 |
| <b>Unaudited</b>   |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| <b>Group</b>   |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| <b>2017</b>  |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| <b>Other</b>   |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| <b>comprehensive</b>   |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| <b>income</b>  |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| Net change in fair value of available-for-sale financial assets                                | (101)                                 | (101)   | -                                       | -                           | -   | -                            | -                            | (101)                           | -                              | -  | -                               | -  |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | 143                                   | 143   | -                                       | -                           | -   | -                            | -                            | 143                             | -                              | -  | -                               | -  |
| Foreign currency translation   | 12,949                                | 10,067  | -                                       | -                           | 10,067  | -                            | -                            | -                               | -                              | -  | -                               | 2,882                                      |
| <b>Other</b>   |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| <b>comprehensive</b>   |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| <b>income for the</b>  |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| <b>year, net of tax</b>  | 12,991                                | 10,109  | -                                       | -                           | 10,067  | -                            | -                            | 42                              | -                              | -  | -                               | 2,882                                      |
| <b>Total</b>   |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| <b>comprehensive</b>   |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| <b>income for the</b>  |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| <b>year</b>  | (6,306)                               | (12,224)  | -                                       | -                           | 10,067  | -                            | -                            | 42                              | -                              | (22,333)                                   | -                               | 5,918                                      |

Thomson Medical Group Limited and its Subsidiaries

Statements of changes in equity  
For the financial year ended 31 December 2018

(Amounts in Singapore dollars)

|   | Attributable to owners of the Company |  |                         |                |                                      |                 |                 |                    |                   |                            |                    |                           |
|---|---------------------------------------|--|-------------------------|----------------|--------------------------------------|-----------------|-----------------|--------------------|-------------------|----------------------------|--------------------|---------------------------|
|   | Equity, total                         | Equity attributable to owners of the Company | Share capital (Note 28) | Merger reserve | Foreign currency translation reserve | Capital reserve | Warrant reserve | Fair value reserve | Statutory reserve | Assets revaluation reserve | Accumulated losses | Non-controlling interests |
|   | \$'000                                | \$'000                                       | \$'000                  | \$'000         | \$'000                               | \$'000          | \$'000          | \$'000             | \$'000            | \$'000                     | \$'000             | \$'000                    |
| <b>Unaudited Group 2017</b>                                 |                                       |  |                         |                |                                      |                 |                 |                    |                   |                            |                    |                           |
| Contributions by and distributions to owners                |                                       |  |                         |                |                                      |                 |                 |                    |                   |                            |                    |                           |
| Shares issued for acquisition of a subsidiary               | 5,360                                 | 5,360  | 5,360                   | -              | -                                    | -               | -               | -                  | -                 | -                          | -                  | -                         |
| Shares issuance expenses                                    | (60)                                  | (60)   | (60)                    | -              | -                                    | -               | -               | -                  | -                 | -                          | -                  | -                         |
| Grant of equity-settled share options to employees          | 409                                   | -  | -                       | -              | -                                    | -               | -               | -                  | -                 | -                          | -                  | 409                       |
| Exercise of warrants in a subsidiary                        | 12                                    | -  | -                       | -              | -                                    | -               | -               | -                  | -                 | -                          | -                  | 12                        |
| Dividends paid to non-controlling interests of subsidiaries | (1,034)                               | -  | -                       | -              | -                                    | -               | -               | -                  | -                 | -                          | -                  | (1,034)                   |
| <b>Total contributions by and distributions to owners</b>   | <b>4,687</b>                          | <b>5,300</b>                                 | <b>5,300</b>            | <b>-</b>       | <b>-</b>                             | <b>-</b>        | <b>-</b>        | <b>-</b>           | <b>-</b>          | <b>-</b>                   | <b>-</b>           | <b>(613)</b>              |

Thomson Medical Group Limited and its Subsidiaries

Statements of changes in equity  
For the financial year ended 31 December 2018

(Amounts in Singapore dollars)

|   | Attributable to owners of the Company |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
|---|---------------------------------------|---|---|-----------------------------|---|------------------------------|------------------------------|---------------------------------|--------------------------------|--|---------------------------------|--|
|   | Equity,<br>total<br>\$'000            | Equity<br>attributable to<br>owners of the<br>Company<br>\$'000 | Share<br>capital<br>(Note 28)<br>\$'000 | Merger<br>reserve<br>\$'000 | Foreign<br>currency<br>translation<br>reserve<br>\$'000 | Capital<br>reserve<br>\$'000 | Warrant<br>reserve<br>\$'000 | Fair value<br>reserve<br>\$'000 | Statutory<br>reserve<br>\$'000 | Assets<br>revaluation<br>reserve<br>\$'000 | Accumulated<br>losses<br>\$'000 | Non-<br>controlling<br>interests<br>\$'000 |
| <b>Unaudited<br/>Group<br/>2017</b>   |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| Changes in<br>ownership<br>interests in<br>subsidiaries   |                                       |   |   |                             |   |                              |                              |                                 |                                |  |                                 |  |
| Acquisition of non-<br>controlling<br>interests without a<br>change in control                            | (20)                                  | -   | -                                       | -                           | -   | -                            | -                            | -                               | -                              | -  | -                               | (20)                                       |
| Dilution of equity<br>interests in a<br>subsidiary due to<br>the exercise of<br>employee share<br>options | 638                                   | (180)   | -                                       | -                           | -   | (180)                        | -                            | -                               | -                              | -  | -                               | 818  |
| <b>Total transactions<br/>with owners in<br/>their capacity as<br/>owners</b>                             | 618                                   | (180)   | -                                       | -                           | -   | (180)                        | -                            | -                               | -                              | -  | -                               | 798  |
| <b>Closing balance<br/>at 31 December<br/>2017</b>  | 736,763                               | 621,136   | 788,267                                 | 100                         | (86,390)  | 2,791                        | 15,426                       | 405                             | 197                            | -  | (99,660)                        | 115,627                                    |

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

**Thomson Medical Group Limited and its Subsidiaries**

**Statements of changes in equity  
For the financial year ended 31 December 2018**

(Amounts in Singapore dollars)

|   | <b>Equity,<br/>total</b> | <b>Share<br/>capital<br/>(Note 28)</b> | <b>Accumulated<br/>losses</b> |
|---|--------------------------|--|-------------------------------|
|   | \$'000                   | \$'000                                 | \$'000                        |
| <b>Company</b>  |                          |  |                               |
| <b>2018</b>   |                          |  |                               |
| <b>Opening balance at 1 January 2018</b>                                | 368,695                  | 788,267                                | (419,572)                     |
| Loss for the year, representing total comprehensive income for the year | (38,970)                 | –                                      | (38,970)                      |
| <u>Contributions by and distributions to owners</u>                     |                          |  |                               |
| Shares issued for acquisition of a subsidiary                           | 1,984,000                | 1,984,000                              | –                             |
| Shares issued on conversion of warrants                                 | 102                      | 102                                    | –                             |
| Share issuance expense  | (160)                    | (160)                                  | –                             |
| Gain from novation of shareholder's loans                               | 176,341                  | –                                      | 176,341                       |
| <b>Total transactions with owners in their capacity as owners</b>       | 2,160,283                | 1,983,942                              | 176,341                       |
| <b>Closing balance at 31 December 2018</b>                              | 2,490,008                | 2,772,209                              | (282,201)                     |
| <b>2017</b>   |                          |  |                               |
| <b>Opening balance at 1 January 2017</b>                                | 422,119                  | 782,967                                | (360,848)                     |
| Loss for the year, representing total comprehensive income for the year | (58,724)                 | –                                      | (58,724)                      |
| <u>Contributions by and distributions to owners</u>                     |                          |  |                               |
| Shares issued for acquisition of a subsidiary                           | 5,360                    | 5,360                                  | –                             |
| Share issuance expense  | (60)                     | (60)                                   | –                             |
| <b>Total transactions with owners in their capacity as owners</b>       | 5,300                    | 5,300                                  | –                             |
| <b>Closing balance at 31 December 2017</b>                              | 368,695                  | 788,267                                | (419,572)                     |

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



**Thomson Medical Group Limited and its Subsidiaries**

**Consolidated statement of cash flows  
For the financial year ended 31 December 2018**

(Amounts in Singapore dollars)

|  | Note  | 2018<br>\$'000 | 2017<br>\$'000<br>Unaudited |
|--|-------|----------------|-----------------------------|
| <b>Operating activities</b>  |       |                |                             |
| Profit before tax from continuing operations                                   |       | 22,041         | 27,455                      |
| Loss before tax from discontinued operation                                    | 11    | (10,220)       | (39,927)                    |
| Profit/(loss) before tax, total  |       | 11,821         | (12,472)                    |
| <b>Adjustments for:</b>  |       |                |                             |
| Allowance for expected credit losses on trade debts, net                       |       | 598            | 2,580                       |
| Amortisation of financing fees on bank loan                                    |       | 1,188          | 129                         |
| Bad debts written off  |       | 52             | 35                          |
| Depreciation of property and equipment   | 13    | 14,836         | 13,739                      |
| Amortisation of intangible assets  | 14    | 2,662          | 5,085                       |
| Fair value changes on purchase consideration payable                           |       | (7,878)        | (8,511)                     |
| Loss on disposal of other investments  |       | 144            | –                           |
| Gain on disposal of subsidiaries   | 15(d) | (2,505)        | –                           |
| Loss/(gain) on disposal of property and equipment                              |       | 166            | (27)                        |
| Property and equipment written off   |       | 592            | 1,399                       |
| Provision for/(reversal of) allowance for onerous contracts/foreseeable losses |       | 545            | (436)                       |
| Impairment loss on development and investment properties                       |       | 1,984          | –                           |
| Impairment loss on intangible assets   |       | 8,267          | 34,343                      |
| Impairment loss on available-for-sale financial assets                         |       | –              | 143                         |
| Transaction costs on corporate exercise  |       | 1,494          | 6,640                       |
| Share of results of associates from discontinued operation                     |       | (1,002)        | (2,252)                     |
| Finance income   |       | (3,127)        | (2,781)                     |
| Finance costs  |       | 17,762         | 10,332                      |
| Unrealised exchange loss/(gain)  |       | 24             | (83)                        |
| Grant of equity-settled share options to employees                             |       | 219            | 409                         |
| Total adjustments  |       | 36,021         | 60,744                      |
| <b>Operating cash flows before changes in working capital</b>                  |       | 47,842         | 48,272                      |
| <b>Changes in working capital:</b>   |       |                |                             |
| Increase in inventories  |       | (537)          | (720)                       |
| (Increase)/decrease in trade and other receivables and contract assets         |       | (3,881)        | 1,630                       |
| Decrease in trade and other payables and contract liabilities                  |       | 4,869          | 7,939                       |
| Total changes in working capital   |       | 451            | 8,849                       |
| <b>Cash flows from operations</b>  |       | 48,293         | 57,121                      |
| Interest income received   |       | 3,285          | 2,781                       |
| Income taxes paid  |       | (11,074)       | (7,734)                     |
| <b>Net cash flows from operating activities</b>                                |       | 40,504         | 52,168                      |

**Thomson Medical Group Limited and its Subsidiaries**

**Consolidated statement of cash flows  
For the financial year ended 31 December 2018**

(Amounts in Singapore dollars)

|   | Note  | 2018<br>\$'000  | 2017<br>\$'000<br>Unaudited |
|---|-------|-----------------|-----------------------------|
| <b>Investing activities</b>   |       |                 |                             |
| Acquisition of warrants   |       | (25,000)        | –                           |
| Purchase of other investments                                       |       | (405)           | –                           |
| Dividend received from associate                                    |       | 2,200           | 2,873                       |
| Expenditure on investment property                                  | 17    | (41)            | (3)                         |
| Investment in associate   |       | –               | (70)                        |
| Expenses paid in relation to the acquisition of Sasteria Pte. Ltd.  |       | (3,178)         | (3,404)                     |
| Proceeds from disposal of other investments                         |       | 275             | –                           |
| Purchase of property and equipment                                  | A     | (24,139)        | (24,205)                    |
| Purchase of intangible assets                                       |       | (193)           | (472)                       |
| Proceeds from disposal of property and equipment                    |       | 10              | 276                         |
| Net cash inflow on acquisition of subsidiary                        | 15(e) | –               | 1,954                       |
| Net cash inflow/(outflow) on disposal of subsidiaries               | 15(d) | 3,187           | (907)                       |
| <b>Net cash flows used in investing activities</b>                  |       | <b>(47,284)</b> | <b>(23,958)</b>             |
| <b>Financing activities</b>   |       |                 |                             |
| Proceeds from exercise of employee share options                    |       | 29              | 638                         |
| Proceeds from exercise of warrants                                  |       | 102             | 12                          |
| Share issuance expense  |       | (160)           | (60)                        |
| Repayment of interest-bearing loans and borrowings                  |       | (105,501)       | (27)                        |
| Decrease in amount due to the ultimate controlling shareholder      |       | (355,250)       | (29,751)                    |
| Proceeds from interest-bearing loans and borrowings                 |       | 492,486         | 3,707                       |
| Changes in pledged deposits   |       | (1,130)         | (758)                       |
| Dividends paid to non-controlling interests of subsidiaries         |       | (1,177)         | (1,034)                     |
| Interest paid   |       | (19,211)        | (10,332)                    |
| <b>Net cash flows generated from/(used in) financing activities</b> |       | <b>10,188</b>   | <b>(37,605)</b>             |
| <b>Net increase/(decrease) in cash and cash equivalents</b>         |       | <b>3,408</b>    | <b>(9,395)</b>              |
| Effect of exchange rate changes on cash and cash equivalents        |       | (38)            | 1,166                       |
| <b>Cash and cash equivalents at 1 January</b>                       |       | <b>135,541</b>  | <b>143,770</b>              |
| <b>Cash and cash equivalents at 31 December</b>                     | 22    | <b>138,911</b>  | <b>135,541</b>              |

**A. Purchase of property and equipment**

During the year, the Group acquired property and equipment with an aggregate cost of \$26,716,000 (31 December 2017: \$24,456,000). The additions were by way of cash payments of \$24,139,000 (2017: \$24,205,000), increase in provision for restoration costs of \$103,000 (2017: \$5,000) and other payables of \$2,474,000 (2017: \$246,000).

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

## Thomson Medical Group Limited and its Subsidiaries

### Notes to the financial statements For the financial year ended 31 December 2018

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#### 1. Corporate information

Thomson Medical Group Limited (the Company) is a limited liability Company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 101 Thomson Road, #20-04/05, United Square, Singapore 307591.

The principal activities of the Company are those of investments, investment holding and strategic investments and other related activities. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

With effect from 27 March 2018, the Company changed its name from Rowsley Ltd. to Thomson Medical Group Limited.

#### 2. Summary of significant accounting policies

##### 2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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

The financial statements are presented in Singapore Dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

During the financial year ended 31 December 2018, the Company completed the very substantial acquisition of Sasteria Pte. Ltd. (Sasteria). The consolidated financial statements of the Group for the financial year ended 31 December 2018 have been prepared based on the pooling of interest method as described in Note 2.4(c) as the Company and Sasteria are under common control. Accordingly, the comparatives are unaudited, and have been restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the Group's consolidated financial statements.

**2. Summary of significant accounting policies (cont'd)**

**2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))**

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative financial information for the year ended 31 December 2017, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

*Exemptions applied on adoption of SFRS(I)*

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.
- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- The Group has elected to regard the fair values of certain property and equipment as their deemed cost at the date of transition to SFRS(I) on 1 January 2017. As a result, fair value adjustment and asset revaluation reserve of \$1,306,000 and \$84,231,000 respectively have been reclassified to accumulated losses as at 1 January 2017 and \$5,100,000 and \$89,462,000 respectively have been reclassified to accumulated losses as at 31 December 2017.
- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

*New accounting standards effective on 1 January 2018*

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

## Thomson Medical Group Limited and its Subsidiaries

### Notes to the financial statements For the financial year ended 31 December 2018

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#### 2. Summary of significant accounting policies (cont'd)

##### 2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)*

###### SFRS(I) 9 Financial Instruments

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. There was no significant impact arising from the Group's adoption of SFRS(I) 9.

###### SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 January 2017. Had the Group elected not to apply this practical expedient, the amount of revenue recorded for the prior year would have been lower;
- For the comparative year ended 31 December 2017, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

The Group is in the business of rendering healthcare related package services and provision of architectural and engineering services. The key impact of adopting SFRS(I) 15 is detailed as follows:

###### (a) *Rendering of healthcare related package services*

The Group provides healthcare related package services to its customers. Revenue from rendering of these package services is recognised based on the stage of completion of the transaction at the end of the reporting period. Management has assessed that the stage of completion, which is determined by the number of sessions utilised as a percentage of the total sessions sold in a package, is an appropriate measure of progress towards completion satisfaction of these performance obligations under SFRS(I) 15.

Upon adoption of SFRS(I) 15, the Group reclassified deferred revenue of \$2,702,000, \$3,757,000 and \$3,410,000 to contract liabilities as at 1 January 2017, 31 December 2017 and 2018 respectively.

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)*

*SFRS(I) 15 Revenue from Contracts with Customers (cont'd)*

(b) *Provision of architectural and engineering services*

The Group provides architectural, civil and structural engineering, master planning and mechanical and engineering services. Revenue from providing these services is recognised based on the stage of completion of the transaction at the end of the reporting period. Management has assessed that the stage of completion, which is measured by reference to the percentage of contract costs incurred to date to the estimated total cost of the contract, is an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Upon adoption of SFRS(I) 15, the group reclassified work-in-progress of \$35,863,000 and \$32,422,000 to contract assets and excess of progress billing over work-in-progress of \$3,714,000 and \$5,617,000 to contract liabilities as at 1 January 2017 and 31 December 2017 respectively.

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) including application of the new accounting standards on 1 January 2017 to the statement of financial position of the Group.

|   | 1 Jan 2017<br>(FRS)<br>\$'000 | Group<br>-Adjustments- |                      | 1 Jan 2017<br>(SFRS(I))<br>\$'000 |
|---|-------------------------------|------------------------|----------------------|-----------------------------------|
|   |                               | SFRS(I) 1<br>\$'000    | SFRS(I) 15<br>\$'000 |                                   |
| <b>Assets</b>                                     |                               |                        |                      |                                   |
| <b>Non-current assets</b>                         |                               |                        |                      |                                   |
| Other non-current assets                          | 746,809                       | –                      | –                    | 746,809                           |
| Property and equipment                            | 387,087                       | 1,306                  | –                    | 388,393                           |
|   | 1,133,896                     | 1,306                  | –                    | 1,135,202                         |
| <b>Current assets</b>                             |                               |                        |                      |                                   |
| Other current assets                              | 349,079                       | –                      | –                    | 349,079                           |
| Work-in-progress                                  | 35,863                        | –                      | (35,863)             | –                                 |
| Contract assets                                   | –                             | –                      | 35,863               | 35,863                            |
|   | 384,942                       | –                      | –                    | 384,942                           |
| <b>Total assets</b>                               | 1,518,838                     | 1,306                  | –                    | 1,520,144                         |
| <b>Equity and liabilities</b>                     |                               |                        |                      |                                   |
| <b>Current liabilities</b>                        |                               |                        |                      |                                   |
| Excess of progress billings over work-in-progress | 3,714                         | –                      | (3,714)              | –                                 |
| Contract liabilities                              | –                             | –                      | 6,416                | 6,416                             |
| Deferred revenue                                  | 2,702                         | –                      | (2,702)              | –                                 |
| Other current liabilities                         | 538,163                       | –                      | –                    | 538,163                           |
|   | 544,579                       | –                      | –                    | 544,579                           |
| <b>Non-current liabilities</b>                    | 237,801                       | –                      | –                    | 237,801                           |
| <b>Total liabilities</b>                          | 782,380                       | –                      | –                    | 782,380                           |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)*

|   | 1 Jan 2017<br>(FRS)<br>\$'000 | Group<br>-Adjustments- |                      | 1 Jan 2017<br>(SFRS(I))<br>\$'000 |
|---|-------------------------------|------------------------|----------------------|-----------------------------------|
|   |                               | SFRS(I) 1<br>\$'000    | SFRS(I) 15<br>\$'000 |                                   |
| <b>Equity attributable to owners of the Company</b> |                               |                        |                      |                                   |
| Share capital                                       | 782,967                       | -                      | -                    | 782,967                           |
| Accumulated losses                                  | (162,864)                     | 85,537                 | -                    | (77,327)                          |
| Other reserves                                      | 6,831                         | (84,231)               | -                    | (77,400)                          |
|   | 626,934                       | 1,306                  | -                    | 628,240                           |
| <b>Non-controlling interests</b>                    | 109,524                       | -                      | -                    | 109,524                           |
| <b>Total equity</b>                                 | 736,458                       | 1,306                  | -                    | 737,764                           |
| <b>Total equity and liabilities</b>                 | 1,518,838                     | 1,306                  | -                    | 1,520,144                         |

The following is the reconciliation of the impact arising from the first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 to the statement of financial position of the Group.

|                           | 31 Dec<br>2017<br>(FRS)<br>\$'000 | Group<br>-Adjustments- |                      | 31 Dec<br>2017<br>(SFRS(I))<br>\$'000 |
|---------------------------|-----------------------------------|------------------------|----------------------|---------------------------------------|
|                           |                                   | SFRS(I) 1<br>\$'000    | SFRS(I) 15<br>\$'000 |                                       |
| <b>Assets</b>             |                                   |                        |                      |                                       |
| <b>Non-current assets</b> |                                   |                        |                      |                                       |
| Other non-current assets  | 729,093                           | -                      | -                    | 729,093                               |
| Property and equipment    | 405,843                           | (5,100)                | -                    | 400,743                               |
|                           | 1,134,936                         | (5,100)                | -                    | 1,129,836                             |
| <b>Current assets</b>     |                                   |                        |                      |                                       |
| Work-in-progress          | 32,422                            | -                      | (32,422)             | -                                     |
| Contract assets           | -                                 | -                      | 32,422               | 32,422                                |
| Other current assets      | 346,619                           | -                      | -                    | 346,619                               |
|                           | 379,041                           | -                      | -                    | 379,041                               |
| <b>Total assets</b>       | 1,513,977                         | (5,100)                | -                    | 1,508,877                             |



Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (cont'd)

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)*

|   | 31 Dec<br>2017<br>(FRS)<br>\$'000 | Group<br>-Adjustments- |                      | 31 Dec<br>2017<br>(SFRS(I))<br>\$'000 |
|---|-----------------------------------|------------------------|----------------------|---------------------------------------|
|   |                                   | SFRS(I) 1<br>\$'000    | SFRS(I) 15<br>\$'000 |                                       |
| <b>Equity and liabilities</b>                       |                                   |                        |                      |                                       |
| <b>Current liabilities</b>                          |                                   |                        |                      |                                       |
| Excess of progress billings over work-in-progress   | 5,617                             | –                      | (5,617)              | –                                     |
| Contract liabilities                                | –                                 | –                      | 9,374                | 9,374                                 |
| Deferred revenue                                    | 3,757                             | –                      | (3,757)              | –                                     |
| Other current liabilities                           | 617,092                           | –                      | –                    | 617,092                               |
|   | <u>626,466</u>                    | <u>–</u>               | <u>–</u>             | <u>626,466</u>                        |
| <b>Non-current liabilities</b>                      |                                   |                        |                      |                                       |
| Deferred tax liabilities                            | 12,685                            | (1,175)                | –                    | 11,510                                |
| Other non-current liabilities                       | 134,138                           | –                      | –                    | 134,138                               |
|   | <u>146,823</u>                    | <u>(1,175)</u>         | <u>–</u>             | <u>145,648</u>                        |
| <b>Total liabilities</b>                            | <u>773,289</u>                    | <u>(1,175)</u>         | <u>–</u>             | <u>772,114</u>                        |
| <b>Equity attributable to owners of the Company</b> |                                   |                        |                      |                                       |
| Share capital                                       | 788,267                           | –                      | –                    | 788,267                               |
| Accumulated losses                                  | (185,197)                         | 85,537                 | –                    | (99,660)                              |
| Other reserves                                      | 21,991                            | (89,462)               | –                    | (67,471)                              |
|   | <u>625,061</u>                    | <u>(3,925)</u>         | <u>–</u>             | <u>621,136</u>                        |
| <b>Non-controlling interests</b>                    | <u>115,627</u>                    | <u>–</u>               | <u>–</u>             | <u>115,627</u>                        |
| <b>Total equity</b>                                 | <u>740,688</u>                    | <u>(3,925)</u>         | <u>–</u>             | <u>736,763</u>                        |
| <b>Total equity and liabilities</b>                 | <u>1,513,977</u>                  | <u>(5,100)</u>         | <u>–</u>             | <u>1,508,877</u>                      |

The adoption of SFRS(I) does not have any impact to the statement of financial position of the Company as at 1 January 2017 and 31 December 2017.

The first-time adoption of SFRS(I) and application of the new accounting standards does not have any impact on the total comprehensive income of the Group for the financial year ended 31 December 2017.

**2. Summary of significant accounting policies (cont'd)**

**2.3 Standards issued but not yet effective**

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

| Description  | Effective for annual periods beginning on or after |
|--|--|
| SFRS(I) 16 <i>Leases</i>   | 1 January 2019                                     |
| Amendments to SFRS(I) 1-28 <i>Long-term Interests in Associates and Joint Ventures</i> | 1 January 2019                                     |
| Annual Improvements to SFRS(I)s <i>2015-2017 Cycle</i>                                 | 1 January 2019                                     |

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on statements of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

**2. Summary of significant accounting policies (cont'd)**

**2.3 Standards issued but not yet effective (cont'd)**

SFRS(I) 16 Leases (cont'd)

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of \$13,965,000 and lease liabilities of \$13,965,000 for its leases previously classified as operating leases as of 1 January 2019.

**2.4 Basis of consolidation and business combinations**

(a) *Basis of consolidation*

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

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

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

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

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

**2. Summary of significant accounting policies (cont'd)**

**2.4 Basis of consolidation and business combinations (cont'd)**

*(b) Business combinations and goodwill (cont'd)*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated are tested for impairment annually and whenever there is an indication that the cash-generating units may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

*(c) Business combinations involving entities under common control*

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

**2.5 Transactions with non-controlling interests**

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

## Thomson Medical Group Limited and its Subsidiaries

### Notes to the financial statements For the financial year ended 31 December 2018

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## 2. Summary of significant accounting policies (cont'd)

### 2.6 *Functional and foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

#### (b) *Consolidated financial statements*

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

### 2.7 *Property and equipment*

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

Freehold land has an unlimited useful life and therefore is not depreciated.

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

|  | <b>Years</b> |
|--|--------------|
| Long term leasehold land                     | 99           |
| Building and improvements                    | 10 - 50      |
| Renovations                                  | 5 - 13       |
| Furniture and fittings                       | 5 - 10       |
| Medical, electrical equipment and appliances | 3 - 13       |
| Office equipment and computers               | 3 - 10       |
| Motor vehicles                               | 5 - 10       |

Construction-in-progress are not depreciated as these assets are not yet available for use.

**2. Summary of significant accounting policies (cont'd)**

**2.7 Property and equipment (cont'd)**

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

**2.8 Intangible assets**

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(a) Customer relationship

Customer relationship recognised in a business combination is amortised on a straight line basis over its finite useful life of 2.8 years.

(b) Hospital management

Hospital management recognised in a business combination is amortised on a straight line basis over its finite useful life of 4.8 years.

(c) Computer software

Computer software have a finite useful life and are amortised over the period of estimated useful life of 3 to 10 years on a straight-line basis.

(d) Order backlog

Order backlog, which was acquired by the Group, comprises remaining architectural contract revenues that have yet to be invoiced to customers. It has a finite useful life and is measured at cost less accumulated amortisation and accumulated impairment losses.



**2. Summary of significant accounting policies (cont'd)**

**2.8 Intangible assets (cont'd)**

(e) Customer contract

Customer contract, which was acquired by the Group, comprises contracts pertaining to the Group's right of certain entities' revenue in relation to the services provided under these agreements. It has a finite useful life and is measured at cost less accumulated amortisation and accumulated impairment losses.

**2.9 Investment property**

Investment property is property that is owned by the Group that are held either to earn rental income or for capital appreciation or for both, rather than for use in the production or supply of goods or services or for administrative purposes, or in the ordinary course of business.

Investment property is stated at cost and accumulated impairment losses.

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

*Depreciation*

No depreciation is provided on freehold land included in the investment property.

**2.10 Development property**

Development property is a property acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development property is measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Cost includes an appropriate share of development overheads allocated based on normal capacity.

Borrowing costs that are directly attributable to the acquisition and development of the property under development are capitalised as part of property under development during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.



**2. Summary of significant accounting policies (cont'd)**

**2.11 Impairment of non-financial assets**

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

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

Impairment losses are recognised in profit or loss.

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

**2.12 Subsidiaries**

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

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment losses.

**2.13 Associates**

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

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

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

**2. Summary of significant accounting policies (cont'd)**

**2.13 Associates (cont'd)**

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

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

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

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

**2.14 Financial instruments**

**(a) Financial assets**

*Initial recognition and measurement*

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

*Subsequent measurement*

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.14 Financial instruments (cont'd)**

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

*De-recognition*

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

(b) *Financial liabilities*

*Initial recognition and measurement*

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

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

*Subsequent measurement*

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

*De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

**2.15 Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

**2. Summary of significant accounting policies (cont'd)**

**2.15 Impairment of financial assets (cont'd)**

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 150 to 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**2.16 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits which are subject to an insignificant risk of changes in value.

**2.17 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a weighted average basis.

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

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

**2.18 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2. Summary of significant accounting policies (cont'd)**

**2.19 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the government grant is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

Where the grant relates to income, the government grant is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented under other income.

**2.20 Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**2.21 Employee benefits**

*(a) Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

*(b) Employee share option plans*

Certain employees of the subsidiary receive remuneration in the form of share options as consideration for services rendered. These share options are denominated in Malaysian Ringgit. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

*(c) Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.



**2. Summary of significant accounting policies (cont'd)**

**2.22 Leases**

*As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

*As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(f). Contingent rents are recognised as revenue in the period in which they are earned.

**2.23 Non-current assets held for distribution and discontinued operations**

Non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for distribution if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for distribution have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

**2.24 Revenue**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

**2. Summary of significant accounting policies (cont'd)**

**2.24 Revenue (cont'd)**

(a) *Rendering of services*

Revenue from the provision of consultations, clinical treatments, medical tests and operations are recognised upon the completion of the services rendered. Revenue from rendering of package services are recognised by reference to the stage of completion of the transaction at the end of the reporting period, determined by the number of sessions utilised as a percentage of the total sessions sold in a package.

(b) *Sale of goods*

Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer, usually on delivery of the goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) *Sale of development property - overseas*

Revenue from sales of development property is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

(d) *Contract revenue from architectural, civil and structural engineering, master planning, and mechanical and engineering services*

Revenue is recognised in profit or loss when the relevant services are rendered. Revenue is recognised in profit or loss using the stage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total cost for the contract.

Estimated foreseeable losses on uncompleted contracts are made on a contract by contract basis. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the profit or loss.

When the outcome of a contract cannot be estimated reliably, revenue is recognised in profit or loss only to the extent of contract costs incurred that is expected to be recoverable.

(e) *Hospitality services*

Revenue from the rental of hotel rooms and other hotel facilities is recognised when the services are rendered. Revenue from the sale of food and beverage is recognised when the goods are delivered.

(f) *Rental income*

Rental income is accounted for on a straight line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight line basis.



## Thomson Medical Group Limited and its Subsidiaries

### Notes to the financial statements For the financial year ended 31 December 2018

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#### 2. Summary of significant accounting policies (cont'd)

##### 2.24 Revenue (cont'd)

###### (g) Interest income

Interest income is recognised using the effective interest method.

###### (h) Dividends

Dividend income from subsidiaries and associates are recognised in profit or loss when the right to receive payment is established. Dividend income from quoted and unquoted financial assets are recognised in profit or loss as and when it is received.

###### (i) Management consultancy fee

Management consultancy fee income is recognised when the services are rendered.

##### 2.25 Taxes

###### (a) Current income tax

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

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

###### (b) Deferred tax

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

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

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

**2. Summary of significant accounting policies (cont'd)**

**2.25 Taxes (cont'd)**

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

(c) *Sales tax*

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

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

**2. Summary of significant accounting policies (cont'd)**

**2.26 Share capital and share issuance expenses**

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

**2.27 Contingencies**

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

**3. Significant accounting judgements and estimates**

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

**3.1 Judgments made in applying accounting policies**

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

**3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**3. Significant accounting judgements and estimates (cont'd)**

**3.2 Key sources of estimation uncertainty (cont'd)**

(a) *Income tax*

The Group has exposure to income taxes in Singapore and Malaysia. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable and deferred tax liabilities as at 31 December 2018 are \$8,316,000 (31 December 2017: \$8,622,000; 1 January 2017: \$8,887,000) and \$6,960,000 (31 December 2017: \$11,510,000; 1 January 2017: \$10,185,000) respectively.

(b) *Impairment of goodwill*

As disclosed in Note 14 to the financial statements, the recoverable amounts of the cash generating units (CGUs) to which the goodwill has been allocated to are determined based on their value in use calculations. The value in use calculations are based on discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 14 to the financial statements.

The carrying amount of goodwill as at 31 December 2018 is \$488,077,000 (31 December 2017: \$537,742,000, 1 January 2017: \$564,467,000).

(c) *Impairment of property and equipment attributable to BB Waterfront Sdn Bhd (BBWF)*

The property and equipment attributable to BBWF comprises mainly freehold land located in Johor Bahru, Malaysia, and is carried at cost less accumulated depreciation and any accumulated impairment loss. The recoverable amount of the CGU to which these assets are attributable to, i.e. BBWF, is determined based on BBWF's value in use calculation. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 14 to the financial statements in conjunction with the impairment of goodwill allocated to BBWF.

As at 31 December 2018, the carrying value of BBWF's property and equipment amounted to \$68,818,000 (31 December 2017: \$67,752,000, 1 January 2017: \$65,648,000).

**3. Significant accounting judgements and estimates (cont'd)**

**3.2 Key sources of estimation uncertainty (cont'd)**

*(d) Impairment of investment property and development property*

The Group's investment property and development property are located in Johor Bahru, Malaysia. Investment property is carried at cost less impairment losses, whilst development property is carried at net realisable value. For the purposes of impairment assessment, the Group engaged real estate valuation experts to assess the fair value of these assets as at 31 December 2018. The fair values of the investment property and development property are determined by independent real estate valuation experts using the Market Comparison Method. This means that the fair values are based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset.

As at 31 December 2018, the Group's investment property and development property amounted to \$150,606,000 (31 December 2017: \$151,612,000, 1 January 2017: \$148,444,000) and \$142,916,000 (31 December 2017: \$143,152,000, 1 January 2017: \$140,163,000) respectively.

*(e) Revenue from architectural and engineering services*

The Group recognises revenue from architectural and engineering services over time. The amount of revenue recognised over time is measured by reference to the percentage of contract costs incurred to-date to the total budgeted costs for each project. Significant judgement and estimation is required in determining the total budgeted costs for each project as a result of the extent of estimation involved in assessing the total costs to complete each project and amounts of variation claims from service providers.

The Group conducts regular reviews of all of its projects. The Group constantly monitors and reviews the progress of all projects taking into consideration all inputs from both internal project managers and external customers' project managers in order to determine the total estimated costs. The reviews include evaluating any potential risks and factors which may affect the timely completion of the projects. The review also encompasses a cost analysis process whereby both actual cost incurred and future costs-to-complete are examined. The estimated future cost-to-complete takes into consideration potential manpower resources needed to complete the project and external services required. Based on these reviews, provisions are made for contracts that are determined to be onerous.

For the financial year ended 31 December 2018, the Group's revenue from architectural and engineering services amounted to \$79,876,000 (2017: \$76,379,000).





4. Revenue (cont'd)

(b) *Judgement and methods used in estimating revenue*

Recognition of revenue from rendering of healthcare related package services over time

For the rendering of healthcare related package services where the Group satisfies its performance obligations over time, management has determined that an output method provides a faithful depiction of the Group's performance in transferring control of the goods or services to the customers, as it reflects the direct measurements of the value to the customer of goods or services transferred to date relative to the remaining goods or services promised under the contract. The measure of progress is based on the number of sessions utilised as a percentage of the total sessions sold in a package.

Determining transaction price and amounts allocated to the services of healthcare related packages

For the sale of bundled health screening packages, the Group allocates the transaction price to the sale of each distinct service based on their relative stand-alone selling prices. For the sale of bundled vaccination packages, the Group continues to uniformly allocate transaction price based on the pre-determined number of vaccinations within a bundled package as it has assessed the difference of allocating transaction price to the sale of each distinct service based on their relative stand-alone selling prices to be not material. The standalone selling prices are determined based on an adjusted market assessment approach.

(c) *Contract assets and contract liabilities*

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

|  | <b>Group</b>     |             |                       |
|--|------------------|-------------|-----------------------|
|  | <b>2018</b>      | <b>2017</b> | <b>1 Jan<br/>2017</b> |
|  | \$'000           | \$'000      | \$'000                |
|  | <b>Unaudited</b> |             |                       |
| Receivables from contracts with customers<br>(Note 21) | 14,657           | 40,771      | 44,605                |
| Contract assets  | –                | 32,422      | 35,863                |
| Contract liabilities                                   | 3,410            | 9,374       | 6,416                 |

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to \$53,000 (2017: \$2,746,000).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for provision of architectural and engineering services. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for rendering of healthcare related package services and provision of architectural and engineering services.

Contract liabilities are recognised as revenue as the Group performs under the contract.



Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

4. Revenue (cont'd)

(c) *Contract assets and contract liabilities*

- (i) Significant changes in contract liabilities for healthcare services during the year are explained as follows:

|   | Group     |        |
|---|-----------|--------|
|   | 2018      | 2017   |
|   | \$'000    | \$'000 |
|   | Unaudited |        |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | 1,500     | 1,422  |
| Revenue recognised during the year  | 7,903     | 7,027  |

- (ii) Significant changes in contract assets/(liabilities) for architectural and engineering services during the year are explained as follows:

|  | Group     |          |
|--|-----------|----------|
|  | 2018      | 2017     |
|  | \$'000    | \$'000   |
|  | Unaudited |          |
| Revenue recognised during the year                           | 32,645    | 55,354   |
| Progress billings issued                                     | (37,142)  | (61,137) |
| (Impairment losses recognised)/reversal of impairment losses | (544)     | 436      |

5. Other income

|  | Group     |        |
|--|-----------|--------|
|  | 2018      | 2017   |
|  | \$'000    | \$'000 |
|  | Unaudited |        |
| Sponsorship income                               | 4,110     | 5,035  |
| Administrative and membership income             | 1,021     | 1,158  |
| Employment credits                               | 493       | 597    |
| Consultancy fees                                 | –         | 524    |
| Insurance claim                                  | 244       | 128    |
| Recovery of credit-impaired/doubtful receivables | 51        | 17     |
| Net foreign exchange (loss)/gain                 | (8)       | 25     |
| Others   | 215       | 159    |
|  | 6,126     | 7,643  |

**Thomson Medical Group Limited and its Subsidiaries**

**Notes to the financial statements  
For the financial year ended 31 December 2018**

**5. Other income (cont'd)**

Employment credits include the Special Employment Credit, the Wage Credit Scheme and the Temporary Employment Credit. The Special Employment Credit was introduced by the Singapore Government to support employers as well as to raise the employability of older low-wage Singaporeans. On the other hand, the Wage Credit Scheme and the Temporary Employment Credit were introduced to help businesses in Singapore to adjust the rising wage costs in a tight labour market with the objective to allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees.

**6. Finance costs**

|   | <b>Group</b>     |              |
|---|------------------|--------------|
|   | <b>2018</b>      | <b>2017</b>  |
|   | \$'000           | \$'000       |
|   | <b>Unaudited</b> |              |
| Interest expense on interest-bearing loans and borrowings | 17,079           | 9,761        |
| Amortisation of financing fees on bank loans              | 1,094            | 129          |
|   | <b>18,173</b>    | <b>9,890</b> |

**7. Profit before tax from continuing operations**

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

|  | <b>Note</b> | <b>Group</b>     |             |
|--|-------------|------------------|-------------|
|  |             | <b>2018</b>      | <b>2017</b> |
|  |             | \$'000           | \$'000      |
|  |             | <b>Unaudited</b> |             |
| Audit fees:  |             |                  |             |
| - Auditor of the Company                                 |             | 479              | 128         |
| - Other auditors   |             | 20               | 283         |
| Non-audit fees:  |             |                  |             |
| - Auditor of the Company                                 |             | 171              | -           |
| - Other auditors   |             | 4                | 302         |
| Allowance for expected credit losses on trade debts      |             | 53               | 35          |
| Depreciation of property and equipment                   | 13          | 11,240           | 10,225      |
| Amortisation of intangible assets                        | 14          | 288              | 154         |
| Impairment loss on development and investment properties |             | 1,984            | -           |
| Staff costs  | 8           | 60,330           | 57,522      |
| Inventories recognised as an expense in profit or loss   | 20          | 31,640           | 28,588      |
| Legal and other professional fees                        |             | 1,199            | 599         |
| Net loss/(gain) on disposal of property and equipment    |             | 153              | (16)        |
| Operating lease expense                                  | 30(b)       | 6,052            | 5,031       |
| Professional fees paid to doctors                        |             | 36,838           | 33,478      |
| Transaction costs incurred on corporate exercise         |             | 328              | 6,640       |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
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8. Staff costs

|  | Group     |        |
|--|-----------|--------|
|  | 2018      | 2017   |
|  | \$'000    | \$'000 |
|  | Unaudited |        |
| Salaries and bonuses                               | 45,795    | 43,734 |
| Defined contribution plans                         | 6,566     | 6,162  |
| Share-based payments (Employee share option plans) | 223       | 404    |
| Other short-term benefits                          | 7,746     | 7,222  |
|  | 60,330    | 57,522 |

*TMCLS Employees' Share Option Scheme (ESOS)*

The Group's subsidiary, TMCLS implemented the ESOS scheme in 2015 for a period of five (5) years till 28 May 2020. The ESOS which is administered by the Option Committee (OC), is granted to eligible directors and employees (Eligible Persons) of TMCLS to subscribe for shares in TMCLS.

There are no cash settlement alternatives in respect of the share options issued under the ESOS scheme.

Details of all the options to subscribe for ordinary shares of TMCLS pursuant to the ESOS outstanding as at 31 December 2018 are as follows:

| Date of issue     | No. of share<br>options<br>outstanding | Exercise Price<br>(MYR) | Vesting period |
|-------------------|--|-------------------------|----------------|
| 11 June 2015      | 9,500,000                              | 0.75                    | 5 years        |
| 28 August 2015    | 5,593,000                              | 0.75                    | 5 years        |
| 24 January 2017   | 7,110,000                              | 0.94                    | 3.34 years     |
| 19 December 2017  | 2,000,000                              | 0.94                    | 2.44 years     |
| 26 September 2018 | 2,925,000                              | 0.94                    | 1.67 years     |
|                   | 27,128,000                             |                         |                |

Movement of share options during the financial year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

|                            | 2018        |               | 2017        |               |
|----------------------------|-------------|---------------|-------------|---------------|
|                            | No.         | WAEP<br>(MYR) | No.         | WAEP<br>(MYR) |
|                            | Unaudited   |               |             |               |
| Outstanding at 1 January   | 25,450,500  | 0.82          | 22,057,750  | 0.75          |
| - Granted                  | 2,925,000   | 0.94          | 9,400,000   | 0.94          |
| - Forfeited                | (1,132,500) | 0.79          | (3,421,350) | 0.75          |
| - Exercised                | (115,000)   | 0.75          | (2,585,900) | 0.75          |
| Outstanding at 31 December | 27,128,000  | 0.83          | 25,450,500  | 0.82          |
| Exercisable at 31 December | 17,036,621  | 0.81          | 10,859,567  | 0.79          |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

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8. Staff costs (cont'd)

*TMCLS Employees' Share Option Scheme (ESOS) (cont'd)*

Movement of share options during the financial year (cont'd)

- The weighted average fair value of options granted during the financial year was MYR0.03 (2017: MYR0.13).
- The weighted average share price at the date of exercise of the options exercised during the financial year was MYR0.82 (2017: MYR0.93).
- The weighted average remaining contractual life for options outstanding at the end of the year is 1.4 (2017: 2.4) years.

Fair values of share options granted

The fair values of the share options as at the date of grant are estimated at the respective grant dates using the Black Scholes Model, taking into account the terms and conditions upon which the share options were granted. The range of inputs to the models used to fair value the share options are shown below:

|                                       | 26 Sept<br>2018 | 19 Dec<br>2017 | 24 Jan<br>2017 | 28 Aug<br>2015 | 11 Jun<br>2015 |
|---------------------------------------|-----------------|----------------|----------------|----------------|----------------|
| Dividend yield (%)                    | 0.21            | 0.21           | 0.16           | 0.57           | 0.57           |
| Expected volatility (%)               | 20.94           | 22.06          | 17.79          | 36.73          | 36.73          |
| Risk-free interest rate<br>(% p.a.)   | 3.44            | 3.19           | 3.40           | 3.91           | 3.63           |
| Expected life of option<br>(years)    | 1.41            | 2.44           | 3.34           | 5.00           | 5.00           |
| Weighted average<br>share price (MYR) | 0.94            | 0.94           | 0.94           | 0.51           | 0.63           |

The expected life of the share options is based on the vesting period of the options and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
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9. Related party transactions

In addition to those related party information disclosed elsewhere in the financial statements, the following are the significant related party transactions entered into by the Group in the ordinary course of business on terms agreed between the parties during the financial year:

|  | Group     |         |
|--|-----------|---------|
|  | 2018      | 2017    |
|  | \$'000    | \$'000  |
|  | Unaudited |         |
| <u>With director related companies</u>       |           |         |
| Sales of services                            | –         | 524     |
| <u>With affiliates</u>                       |           |         |
| Rental expenses                              | (2,955)   | (3,891) |
| Rental deposits                              | –         | (1,378) |
| <u>With associates</u>                       |           |         |
| Dividend income                              | 2,200     | 2,873   |
| Management consultancy fees                  | 295       | 1,057   |
| <u>With ultimate controlling shareholder</u> |           |         |
| Hotel apartment fee                          | 849       | 881     |

During the financial year ended 31 December 2017, the Group disposed of two subsidiaries to a director related company as disclosed in Note 15(d) to the financial statements.

During the financial year ended 31 December 2018, the Group acquired a subsidiary from a director related company as disclosed in Note 15(e) to the financial statements.

**Compensation of directors and key management personnel**

|                                  | Group     |        |
|----------------------------------|-----------|--------|
|                                  | 2018      | 2017   |
|                                  | \$'000    | \$'000 |
|                                  | Unaudited |        |
| Directors' fees                  | 382       | 341    |
| Short-term employee benefits     | 1,142     | 1,486  |
| Share-based payments             | 12        | 23     |
|                                  | 1,536     | 1,850  |
| <i>Comprise amounts paid to:</i> |           |        |
| Directors of the Company         | 382       | 341    |
| Other key management personnel   | 1,154     | 1,509  |
|                                  | 1,536     | 1,850  |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
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10. Income tax expense

*Major components of income tax expense*

The major components of income tax expense for the financial years ended 31 December 2018 and 2017 are:

|   | Note | Group          |                |
|---|------|----------------|----------------|
|   |      | 2018<br>\$'000 | 2017<br>\$'000 |
| <b>Unaudited</b>                                      |      |                |                |
| <i>Consolidated statement of profit or loss:</i>      |      |                |                |
| Current income tax – continuing operations            |      |                |                |
| - current income taxation                             |      | 8,075          | 7,148          |
| - over provision in respect of previous years         |      | (525)          | (807)          |
|   |      | 7,550          | 6,341          |
| Deferred income tax – continuing operations           |      |                |                |
| - origination and reversal of temporary differences   |      | 9              | (50)           |
| - (over)/under provision in respect of previous years |      | (218)          | 40             |
|   | 25   | (209)          | (10)           |
| Income tax attributable to continuing operations      |      | 7,341          | 6,331          |
| Income tax attributable to discontinued operation     | 11   | 420            | 494            |
| Income tax expense recognised in profit or loss       |      | 7,761          | 6,825          |

*Relationship between tax expense and accounting profit*

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2018 and 2017 is as follows:

|   | Group          |                |
|---|----------------|----------------|
|   | 2018<br>\$'000 | 2017<br>\$'000 |
| <b>Unaudited</b>  |                |                |
| Profit before tax from continuing operations  | 22,041         | 27,455         |
| Loss before tax from discontinued operation (Note 11)                                     | (10,220)       | (39,927)       |
| Accounting profit before tax  | 11,821         | (12,472)       |
| Tax at the domestic rates applicable to profits in the countries where the Group operates | 2,712          | (4,241)        |
| Adjustments:  |                |                |
| Non-deductible expenses   | 7,933          | 14,722         |
| Income not subject to taxation  | (2,614)        | (2,053)        |
| Deferred tax assets not recognised  | 1,472          | 1,986          |
| Effect of partial tax exemption and tax relief  | (1,436)        | (2,771)        |
| Share of results of associates of discontinued operation                                  | (170)          | (383)          |
| Over provision in respect of previous years   | (321)          | (430)          |
| Others  | 185            | (5)            |
|   | 7,761          | 6,825          |

**10. Income tax expense (cont'd)**

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The Group's subsidiary, TMC Biotech Sdn. Bhd. (TMC Biotech), was not subject to tax as it had been granted the BioNexus Status by the Malaysian Biotechnology Corporation Sdn. Bhd., which qualified TMC Biotech for the BioNexus incentive in the previous financial year. TMC Biotech had enjoyed full exemption from income tax on its statutory income for a period of 10 years from year of assessment 2008 to 2017. For the year of assessment 2018, the tax exempt status has lapsed, thereafter TMC Biotech's domestic current income tax is calculated based on the prevailing tax rate of 24% in Malaysia.

The Group's subsidiary, Thomson Hospitals Sdn Bhd (THSB), has obtained approval for the Investment Tax Allowance granted by the Malaysian Investment Development Authority. THSB will enjoy full tax exemption on its qualifying expenditures for a period of five years commencing from 2 January 2015, which can be used to deduct against its statutory income.

**11. Discontinued operation and disposal group classified as held for distribution**

On 12 November 2018, the Company announced the decision of its board of directors to distribute all its shares in its Real Estate Businesses, which will be restructured under RSP Holdings Pte Ltd, a wholly-owned subsidiary, to the Company's shareholders. The decision is consistent with the Group's strategy to focus on its core healthcare business and to divest its Real Estate Business following the completion of the very substantial acquisition of Sasteria. As at 31 December 2018, the assets and liabilities related to the Real Estate Business have been presented in the statement of financial position as "Assets of disposal group classified as held for distribution" and "Liabilities directly associated with disposal group classified as held for distribution", and its results are presented separately in profit or loss as "Loss from discontinued operation, net of tax". The distribution of RSPH was completed on 31 January 2019.



Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

11. Discontinued operation and disposal group classified as held for distribution (cont'd)

Statement of financial position disclosures

The major classes of assets and liabilities of the Real Estate Business classified as held for distribution and the related reserves as at 31 December are as follows:

|   | \$'000   |
|---|----------|
| <b>Assets:</b>  |          |
| Property and equipment  | 44,163   |
| Intangible assets   | 42,644   |
| Investment in associates  | 24,916   |
| Other investments   | 1,048    |
| Deferred tax assets   | 554      |
| Contract assets   | 26,854   |
| Inventories   | 170      |
| Trade and other receivables   | 46,311   |
| Cash and short-term deposits  | 23,746   |
|   | <hr/>    |
| Assets of disposal group classified as held for distribution                            | 210,406  |
|   | <hr/>    |
| <b>Liabilities:</b>   |          |
| Contract liabilities  | (5,121)  |
| Trade and other payables  | (27,055) |
| Income tax payable  | (246)    |
| Purchase consideration payable  | (628)    |
| Interest-bearing loans and borrowings   | (22,406) |
| Deferred tax liabilities  | (2,147)  |
|   | <hr/>    |
| Liabilities directly associated with disposal group classified as held for distribution | (57,603) |
|   | <hr/>    |
| Net assets directly associated with disposal group classified as held for distribution  | 152,803  |
|   | <hr/>    |
| <b>Reserves:</b>  |          |
| Fair value reserve  | 474      |
| Foreign currency translation reserve  | 999      |
| Statutory reserve   | (197)    |
|   | <hr/>    |
|   | 1,276    |
|   | <hr/>    |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2018

11. Discontinued operation and disposal group classified as held for distribution (cont'd)

Statement of comprehensive income disclosures

The results of the Real Estate Business for the years ended 31 December are as follows:

|  | Group     |          |
|--|-----------|----------|
|  | 2018      | 2017     |
|  | \$'000    | \$'000   |
|  | Unaudited |          |
| Revenue                                      | 95,960    | 93,775   |
| Other income                                 | 18,946    | 9,232    |
| Staff costs                                  | (73,102)  | (70,318) |
| Depreciation and amortisation expenses       | (5,970)   | (8,445)  |
| Other operating expenses                     | (46,375)  | (65,942) |
| Share of results of associates, net of tax   | 1,002     | 2,252    |
|  | <hr/>     | <hr/>    |
| Results from operating activities            | (9,539)   | (39,446) |
| Finance income                               | 96        | 90       |
| Finance costs                                | (777)     | (571)    |
|  | <hr/>     | <hr/>    |
| Loss before tax from discontinued operation  | (10,220)  | (39,927) |
| Income tax expense                           | (420)     | (494)    |
|  | <hr/>     | <hr/>    |
| Loss from discontinued operation, net of tax | (10,640)  | (40,421) |

Statement of cash flows disclosures

The cash flows attributable to the Real Estate Business are as follows:

|                             | Group     |          |
|-----------------------------|-----------|----------|
|                             | 2018      | 2017     |
|                             | \$'000    | \$'000   |
|                             | Unaudited |          |
| Operating                   | (3,496)   | 4,037    |
| Investing                   | 219       | (7,258)  |
| Financing                   | 7,094     | (8,911)  |
|                             | <hr/>     | <hr/>    |
| Net cash inflows/(outflows) | 3,817     | (12,132) |

Loss per share disclosures

|  | Group     |         |
|--|-----------|---------|
|  | 2018      | 2017    |
|  | \$'000    | \$'000  |
|  | Unaudited |         |
| Loss per share from discontinued operation attributable to owners of the Company (cents per share) |           |         |
| Basic  | (0.033)   | (0.148) |
|  | <hr/>     | <hr/>   |
| Diluted  | (0.033)   | (0.148) |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

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11. Discontinued operation and disposal group classified as held for distribution (cont'd)

Loss per share disclosures (cont'd)

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These losses and share data are presented in the tables in Note 12(a).

12. Earnings per share

(a) *Continuing operations*

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share from continuing operations are calculated by dividing profit from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

|   | Group  |           |
|---|--------|-----------|
|   | 2018   | 2017      |
|   | \$'000 | \$'000    |
|   |        | Unaudited |
| Profit/(loss) for the year attributable to owners of the Company  | 2,161  | (22,333)  |
| Add back: Loss from discontinued operation, net of tax, attributable to owners of the Company   | 8,682  | 38,602    |
| Profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted earnings per share from continuing operations | 10,843 | 16,269    |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

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12. Earnings per share (cont'd)

(a) *Continuing operations (cont'd)*

|   | Group                    |                          |
|---|--------------------------|--------------------------|
|   | 2018                     | 2017                     |
|   | No. of<br>shares<br>'000 | No. of<br>shares<br>'000 |
|   |                          | <b>Unaudited</b>         |
| Weighted average number of ordinary shares for basic earnings per share computation   | 26,072,423               | 26,040,509               |
| <i>Effects of dilution</i>  |                          |                          |
| - Warrants  | 190,118                  | -                        |
| Weighted average number of ordinary shares for diluted earnings per share computation | 26,262,541               | 26,040,509               |

(b) *Earnings per share computation*

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and by the weighted average number of ordinary shares for diluted earnings per share computation respectively. These profit and share data are presented in the tables in Note12(a) above.

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

13. Property and equipment

| Group  | Freehold leasehold land \$'000 | Long term land \$'000 | Building and improvements \$'000 | Renovations \$'000 | Furniture and fittings \$'000 | Medical, electrical equipment and appliances \$'000 | Office equipment and computers \$'000 | Motor vehicles \$'000 | Construction -in-progress \$'000 | Total \$'000 |
|--|--------------------------------|-----------------------|----------------------------------|--------------------|-------------------------------|---|---------------------------------------|-----------------------|----------------------------------|--------------|
| <b>Unaudited</b>                                 |                                |                       |                                  |                    |                               |   |                                       |                       |                                  |              |
| <b>Cost or deemed cost:</b>                      |                                |                       |                                  |                    |                               |   |                                       |                       |                                  |              |
| At 1 January 2017                                | 212,301                        | 21,933                | 147,644                          | 19,608             | 6,018                         | 50,414  | 8,483                                 | 911                   | 8,097                            | 475,409      |
| Additions  | -                              | -                     | 9,667                            | 4,450              | 948                           | 5,554   | 811                                   | 139                   | 2,887                            | 24,456       |
| Disposals/write off                              | -                              | -                     | -                                | (1,907)            | (445)                         | (1,019)   | (228)                                 | (338)                 | -                                | (3,937)      |
| Acquisition of subsidiaries (Note 15(e))         | -                              | -                     | -                                | 722                | 18                            | 922   | 2                                     | -                     | -                                | 1,664        |
| Disposal of subsidiaries (Note 15(d))            | -                              | -                     | -                                | (1,329)            | (29)                          | (1,910)   | -                                     | -                     | -                                | (3,268)      |
| Reclassifications to intangible assets (Note 14) | -                              | -                     | -                                | -                  | -                             | -   | -                                     | -                     | (470)                            | (470)        |
| Reclassifications                                | -                              | -                     | (642)                            | 619                | 713                           | 228   | (54)                                  | -                     | (864)                            | -            |
| Exchange differences                             | 1,228                          | 464                   | 1,868                            | 85                 | (1)                           | 490   | 25                                    | (3)                   | 245                              | 4,401        |
| At 31 December 2017                              | 213,529                        | 22,397                | 158,537                          | 22,248             | 7,222                         | 54,679  | 9,039                                 | 709                   | 9,895                            | 498,255      |
| <b>Accumulated depreciation:</b>                 |                                |                       |                                  |                    |                               |   |                                       |                       |                                  |              |
| At 1 January 2017                                | -                              | 1,045                 | 37,216                           | 7,411              | 3,624                         | 32,310  | 5,003                                 | 407                   | -                                | 87,016       |
| Depreciation charge for the year                 | -                              | -                     | 3,209                            | 1,790              | 335                           | 4,106   | 498                                   | 56                    | -                                | 10,225       |
| - Continuing operations                          | -                              | 231                   | 2,118                            | 326                | 210                           | -   | 837                                   | 23                    | -                                | 3,514        |
| - Discontinued operation                         | -                              | -                     | -                                | (892)              | (67)                          | (923)   | (159)                                 | (248)                 | -                                | (2,289)      |
| Disposals/write off                              | -                              | -                     | -                                | (523)              | (11)                          | (877)   | -                                     | -                     | -                                | (1,411)      |
| Disposal of subsidiaries (Note 15(d))            | -                              | -                     | (271)                            | -                  | 301                           | -   | (30)                                  | -                     | -                                | -            |
| Reclassifications                                | -                              | 28                    | 110                              | 5                  | (8)                           | 307   | 16                                    | (1)                   | -                                | 457          |
| Exchange differences                             | -                              | -                     | -                                | -                  | -                             | -   | -                                     | -                     | -                                | -            |
| At 31 December 2017                              | -                              | 1,304                 | 42,382                           | 8,117              | 4,384                         | 34,923  | 6,165                                 | 237                   | -                                | 97,512       |
| <b>Net carrying amount:</b>                      |                                |                       |                                  |                    |                               |   |                                       |                       |                                  |              |
| At 1 January 2017                                | 212,301                        | 20,888                | 110,428                          | 12,197             | 2,394                         | 18,104  | 3,480                                 | 504                   | 8,097                            | 388,393      |
| At 31 December 2017                              | 213,529                        | 21,093                | 116,155                          | 14,131             | 2,838                         | 19,756  | 2,874                                 | 472                   | 9,895                            | 400,743      |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
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13. Property and equipment (cont'd)

| Group  | Freehold land \$'000 | Long term leasehold land \$'000 | Building and improvements \$'000 | Renovations \$'000 | Furniture and fittings \$'000 | Medical, electrical equipment and appliances \$'000 | Office equipment and computers \$'000 | Motor vehicles \$'000 | Construction -in-progress \$'000 | Total \$'000 |
|--|----------------------|---------------------------------|----------------------------------|--------------------|-------------------------------|---|---------------------------------------|-----------------------|----------------------------------|--------------|
| <b>Cost or deemed cost:</b>                      |                      |                                 |                                  |                    |                               |   |                                       |                       |                                  |              |
| At 1 January 2018                                | 213,529              | 22,397                          | 158,537                          | 22,248             | 7,222                         | 54,679  | 9,039                                 | 709                   | 9,895                            | 498,255      |
| Additions  | -                    | -                               | 3,692                            | 4,469              | 642                           | 4,771   | 977                                   | 2                     | 12,163                           | 26,716       |
| Disposals/write off                              | -                    | -                               | (12)                             | (196)              | (671)                         | (909)   | (489)                                 | (1)                   | -                                | (2,278)      |
| Disposal of subsidiaries (Note 15(d))            | -                    | -                               | (18,899)                         | -                  | (121)                         | -   | (88)                                  | -                     | -                                | (19,108)     |
| Reclassification to intangible assets (Note 14)  | -                    | -                               | -                                | (667)              | -                             | -   | (62)                                  | -                     | -                                | (729)        |
| Reclassifications                                | -                    | -                               | -                                | (1,236)            | 2,053                         | 338   | (488)                                 | -                     | (667)                            | -            |
| Attributable to discontinued operation (Note 11) | -                    | -                               | (74,566)                         | (3,041)            | (3,757)                       | -   | (4,847)                               | (39)                  | -                                | (86,250)     |
| Exchange differences                             | 135                  | 51                              | (2,688)                          | 5                  | (60)                          | 18  | 26                                    | 1                     | (105)                            | (2,617)      |
| At 31 December 2018                              | 213,664              | 22,448                          | 66,064                           | 21,582             | 5,308                         | 58,897  | 4,068                                 | 672                   | 21,286                           | 413,989      |
| <b>Accumulated depreciation:</b>                 |                      |                                 |                                  |                    |                               |   |                                       |                       |                                  |              |
| At 1 January 2018                                | -                    | 1,304                           | 42,382                           | 8,117              | 4,384                         | 34,923  | 6,165                                 | 237                   | -                                | 97,512       |
| Depreciation charge for the year                 | -                    | -                               | -                                | -                  | -                             | -   | -                                     | -                     | -                                | -            |
| - Continuing operations                          | -                    | 240                             | 3,285                            | 2,156              | 351                           | 4,714   | 429                                   | 65                    | -                                | 11,240       |
| - Discontinued operation                         | -                    | -                               | 2,049                            | 445                | 94                            | -   | 992                                   | 16                    | -                                | 3,596        |
| Disposals/write off                              | -                    | -                               | (2)                              | (85)               | (76)                          | (880)   | (466)                                 | (1)                   | -                                | (1,510)      |
| Disposal of subsidiaries (Note 15(d))            | -                    | -                               | -                                | -                  | -                             | -   | (3)                                   | -                     | -                                | (3)          |
| Reclassification to intangible assets (Note 14)  | -                    | -                               | -                                | -                  | -                             | -   | (380)                                 | -                     | -                                | (380)        |
| Reclassifications                                | -                    | -                               | -                                | (152)              | 168                           | -   | (16)                                  | -                     | -                                | -            |
| Attributable to discontinued operation (Note 11) | -                    | -                               | (36,930)                         | (878)              | (1,054)                       | -   | (3,266)                               | 41                    | -                                | (42,087)     |
| Exchange differences                             | -                    | -                               | (140)                            | (8)                | (20)                          | 1   | 4                                     | -                     | -                                | (163)        |
| At 31 December 2018                              | -                    | 1,544                           | 10,644                           | 9,595              | 3,847                         | 38,758  | 3,459                                 | 358                   | -                                | 68,205       |
| <b>Net carrying amount:</b>                      |                      |                                 |                                  |                    |                               |   |                                       |                       |                                  |              |
| At 31 December 2018                              | 213,664              | 20,904                          | 55,420                           | 11,987             | 1,461                         | 20,139  | 609                                   | 314                   | 21,286                           | 345,784      |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

13. Property and equipment (cont'd)

| Company                                | Furniture and fittings<br>\$'000 | Office equipment and computers<br>\$'000 | Renovation<br>\$'000 | Motor vehicles<br>\$'000 | Total<br>\$'000 |
|--|----------------------------------|--|----------------------|--------------------------|-----------------|
| <b>Cost</b>                            |                                  |  |                      |                          |                 |
| At 1 January 2017                      | 9                                | 172                                      | –                    | 136                      | 317             |
| Additions                              | –                                | 13                                       | –                    | –                        | 13              |
| Disposals/write off                    | (6)                              | (10)                                     | –                    | –                        | (16)            |
| At 31 December 2017 and 1 January 2018 | 3                                | 175                                      | –                    | 136                      | 314             |
| Additions                              | 128                              | 48                                       | 195                  | –                        | 371             |
| Disposals/write off                    | (3)                              | (182)                                    | –                    | –                        | (185)           |
| At 31 December 2018                    | 128                              | 41                                       | 195                  | 136                      | 500             |
| <b>Accumulated depreciation</b>        |                                  |  |                      |                          |                 |
| At 1 January 2017                      | 4                                | 133                                      | –                    | 19                       | 156             |
| Depreciation for the year              | 2                                | 29                                       | –                    | 18                       | 49              |
| Disposals/Write off                    | (5)                              | (9)                                      | –                    | –                        | (14)            |
| At 31 December 2017 and 1 January 2018 | 1                                | 153                                      | –                    | 37                       | 191             |
| Depreciation for the year              | 8                                | 11                                       | 33                   | 18                       | 70              |
| Disposals/Write off                    | (1)                              | (159)                                    | –                    | –                        | (160)           |
| At 31 December 2018                    | 8                                | 5  | 33                   | 55                       | 101             |
| <b>Net carrying amount</b>             |                                  |  |                      |                          |                 |
| At 1 January 2017                      | 5                                | 39                                       | –                    | 117                      | 161             |
| At 31 December 2017                    | 2                                | 22                                       | –                    | 99                       | 123             |
| At 31 December 2018                    | 120                              | 36                                       | 162                  | 81                       | 399             |

*Restoration costs*

Included in the Group's carrying amount of renovation is \$91,000 (31 December 2017: \$48,000, 1 January 2017: \$69,000) of provision for restoration costs.

*Assets held under finance leases*

As at 31 December 2018, 31 December 2017 and 1 January 2017, assets held under finance leases were fully depreciated.

Leased assets are pledged as security for the related finance lease liabilities.

*Assets pledged as security*

In addition to assets held under finance leases, the Group's building and improvements with a carrying amount of \$800,000 (31 December 2017: \$818,000, 1 January 2017: \$820,000) are pledged as security for interest-bearing loans and borrowings as disclosed in Note 24.



Thomson Medical Group Limited and its Subsidiaries

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| 14. Intangible assets                                  | Customer relationship management | Hospital management | Computer software | Order backlog | Customer contract | Goodwill | Total   |
|--|----------------------------------|---------------------|-------------------|---------------|-------------------|----------|---------|
| Group  | \$'000                           | \$'000              | \$'000            | \$'000        | \$'000            | \$'000   | \$'000  |
| <b>Unaudited</b>                                       |                                  |                     |                   |               |                   |          |         |
| <b>Cost:</b>   |                                  |                     |                   |               |                   |          |         |
| At 1 January 2017                                      | 2,812                            | 698                 | -                 | 25,524        | -                 | 838,213  | 867,247 |
| Additions  | -                                | -                   | 472               | -             | -                 | -        | 472     |
| Acquisition of subsidiaries                            | -                                | -                   | -                 | -             | 9,634             | 5,322    | 14,956  |
| Reclassification from property and equipment (Note 13) | -                                | -                   | 470               | -             | -                 | -        | 470     |
| Exchange differences                                   | -                                | -                   | 15                | -             | -                 | 2,296    | 2,311   |
| At 31 December 2017                                    | 2,812                            | 698                 | 957               | 25,524        | 9,634             | 845,831  | 885,456 |
| <b>Accumulated amortisation and impairment:</b>        |                                  |                     |                   |               |                   |          |         |
| At 1 January   | 2,812                            | 698                 | -                 | 21,081        | -                 | 273,746  | 298,337 |
| Amortisation   | -                                | -                   | 154               | -             | -                 | -        | 154     |
| - Continuing operations                                | -                                | -                   | -                 | 1,697         | 3,234             | -        | 4,931   |
| - Discontinued operation                               | -                                | -                   | -                 | -             | -                 | 34,343   | 34,343  |
| Impairment loss  | -                                | -                   | -                 | -             | -                 | -        | -       |
| Exchange differences                                   | -                                | -                   | 3                 | -             | -                 | -        | 3       |
| At 31 December 2017                                    | 2,812                            | 698                 | 157               | 22,778        | 3,234             | 308,089  | 337,768 |
| <b>Net carrying amount:</b>                            |                                  |                     |                   |               |                   |          |         |
| At 1 January 2017                                      | -                                | -                   | -                 | 4,443         | -                 | 564,467  | 568,910 |
| At 31 December 2017                                    | -                                | -                   | 800               | 2,746         | 6,400             | 537,742  | 547,688 |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
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14. Intangible assets (cont'd)

| Group  | Customer relationship management | Hospital management | Computer software | Order backlog | Customer contract | Goodwill  | Total     |
|--|----------------------------------|---------------------|-------------------|---------------|-------------------|-----------|-----------|
|  | \$'000                           | \$'000              | \$'000            | \$'000        | \$'000            | \$'000    | \$'000    |
| <b>Cost:</b>   |                                  |                     |                   |               |                   |           |           |
| At 1 January 2018  | 2,812                            | 698                 | 957               | 25,524        | 9,634             | 845,831   | 885,456   |
| Additions  | -                                | -                   | 193               | -             | -                 | -         | 193       |
| Disposal of subsidiaries (Note 15(d))                          | -                                | -                   | -                 | -             | (9,634)           | -         | (9,634)   |
| Reclassification from property and equipment (Note 13)         | -                                | -                   | 729               | -             | -                 | -         | 729       |
| Reclassifications upon completion of purchase price allocation | -                                | -                   | -                 | 524           | -                 | (428)     | 96        |
| Attributable to discontinued operation (Note 11)               | -                                | -                   | -                 | (26,048)      | -                 | (357,572) | (383,620) |
| Exchange differences   | -                                | -                   | (11)              | -             | -                 | 246       | 235       |
| At 31 December 2018  | 2,812                            | 698                 | 1,868             | -             | -                 | 488,077   | 493,455   |
| <b>Accumulated amortisation and impairment:</b>                |                                  |                     |                   |               |                   |           |           |
| At 1 January 2018  | 2,812                            | 698                 | 157               | 22,778        | 3,234             | 308,089   | 337,768   |
| Amortisation   | -                                | -                   | 288               | -             | -                 | -         | 288       |
| - Continuing operations  | -                                | -                   | -                 | 1,841         | 533               | -         | 2,374     |
| - Discontinued operation                                       | -                                | -                   | -                 | 381           | -                 | 7,886     | 8,267     |
| Impairment loss  | -                                | -                   | -                 | -             | (3,767)           | -         | (3,767)   |
| Disposal of subsidiaries (Note 15(d))                          | -                                | -                   | -                 | -             | -                 | -         | 380       |
| Reclassification from property and equipment (Note 13)         | -                                | -                   | 380               | -             | -                 | -         | 380       |
| Attributable to discontinued operation (Note 11)               | -                                | -                   | -                 | (25,000)      | -                 | (315,976) | (340,976) |
| Exchange differences   | -                                | -                   | (10)              | -             | -                 | 1         | (9)       |
| At 31 December 2018  | 2,812                            | 698                 | 815               | -             | -                 | -         | 4,325     |
| <b>Net carrying amount:</b>                                    |                                  |                     |                   |               |                   |           |           |
| At 31 December 2018  | -                                | -                   | 1,053             | -             | -                 | 488,077   | 489,130   |

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14. Intangible assets (cont'd)

*Impairment testing of goodwill*

Goodwill is derived from the excess of purchase consideration over the fair value of the identifiable net assets acquired. Goodwill arising from business combinations has been allocated to the following cash-generating units (CGUs) for impairment testing:

|                                  | 2018      | 2017    | 1 Jan<br>2017 |
|----------------------------------|-----------|---------|---------------|
|                                  | \$'000    | \$'000  | \$'000        |
|                                  | Unaudited |         |               |
| Thomson Medical Pte Ltd (TMPL)   | 379,788   | 379,788 | 379,788       |
| Clinic                           | 146       | 146     | 146           |
| TMC Life Sciences Berhad (TMCLS) | 44,476    | 44,375  | 43,455        |
| BB Waterfront Sdn Bhd (BBWF)     | 63,667    | 63,522  | 62,205        |
| RSP sub-group                    | –         | 39,456  | 59,456        |
| GGC sub-group                    | –         | –       | 4,648         |
| Squire Mech sub-group            | –         | 5,133   | 14,769        |
| AC Consortium Pte Ltd            | –         | 5,322   | –             |
|                                  | 488,077   | 537,742 | 564,467       |

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a three to five-year period, except for BBWF. BBWF owns Thomson Iskandar, a medical hub project under construction and development in Malaysia. The cash flow projections used in the value-in-use calculations for BBWF were based on financial budgets approved by management covering a twelve-year period which comprises an initial three-year period of construction and development, followed by a nine-year period of medical hub operations and an imputed terminal growth thereafter.

The discount rates applied to the cash flow projections and the forecast growth rates used to extrapolate cash flow projections beyond the forecast period are as follows:

|                          | Terminal growth rates (%) |      |               | Discount rates (%) |      |               |
|--------------------------|---------------------------|------|---------------|--------------------|------|---------------|
|                          | 2018                      | 2017 | 1 Jan<br>2017 | 2018               | 2017 | 1 Jan<br>2017 |
|                          | Unaudited                 |      |               | Unaudited          |      |               |
| TMPL                     | 3.0                       | 2.0  | 2.0           | 5.5                | 4.9  | 5.6           |
| Clinic                   | 5.0                       | 5.0  | 2.0           | 7.5                | 7.8  | 8.0           |
| TMCLS                    | 4.0                       | 4.0  | 5.0           | 9.0                | 9.0  | 9.0           |
| BBWF                     | 3.5                       | 3.5  | 3.7           | 8.8                | 8.8  | 10.2          |
| RSP sub-group            | –                         | 2.4  | 2.0           | –                  | 11.9 | 12.0          |
| GGC sub-group            | –                         | 2.0  | 2.0           | –                  | 10.6 | 10.5          |
| Squire Mech<br>sub-group | –                         | 2.0  | 2.3           | –                  | 11.7 | 11.6          |
| AC Consortium Pte<br>Ltd | –                         | 2.0  | –             | –                  | 11.7 | –             |

**14. Intangible assets (cont'd)**

*Impairment testing of goodwill (cont'd)*

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

Growth rates – The forecasted growth rates are based on published industry research and are comparable to the average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC).

Market share assumptions – These assumptions are important because, as well as using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the forecast period. Management expects the Group's share of the market to be stable over the forecast period.

The above estimates are particularly sensitive to the following areas:

- Changes in percentage points in the discount rate used; and
- Future planned revenue may not materialise.

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of order backlog and goodwill attributable to the Real Estate Business segment that has been classified as discontinued operation (Note 11). The impairment loss of \$381,000 (2017: \$Nil) for order backlog and \$7,886,000 (2017: \$34,343,000) for goodwill has been recognised in profit or loss under the line item "Loss on discontinued operation, net of tax".

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

15. Investment in subsidiaries

|  | Company   |           |            |
|--|-----------|-----------|------------|
|  | 2018      | 2017      | 1 Jan 2017 |
|  | \$'000    | \$'000    | \$'000     |
| Shares, at cost  | 2,854,094 | 443,617   | 443,617    |
| Loans to subsidiaries  | –         | 443,698   | 443,211    |
| Less: Impairment   | (471,995) | (423,534) | (379,412)  |
| Less: Reclassification to assets of disposal group classified as held for distribution | (87,296)  | –         | –          |
|  | 2,294,803 | 463,781   | 507,416    |

The loans to subsidiaries are interest-free and unsecured. The settlement of the loans is neither planned nor likely to occur in the foreseeable future. As these loans, in substance, form part of the Company's net investment in the subsidiaries, they are stated at cost. The loans to subsidiaries have been capitalised as of 1 January 2018.

(a) *Composition of the Group*

The Group has the following significant investments in subsidiaries:

| Name of Company  | Country of incorporation | Principal activities                            | Proportion (%) of ownership interest |       |            |
|--|--------------------------|---|--------------------------------------|-------|------------|
|  |                          |   | 2018                                 | 2017  | 1 Jan 2017 |
| <b><i>Held by the Company:</i></b>                               |                          |   |                                      |       |            |
| Sasteria Pte Ltd <sup>(1)</sup>                                  | Singapore                | Investment holding                              | 100                                  | 100   | 100        |
| RSP Architects Planners & Engineers (Pte) Ltd <sup>(3) (9)</sup> | Singapore                | Architects, planners and engineers              | 100                                  | 100   | 100        |
| Rowsley Hospitality Holdings Pte. Ltd. <sup>(3) (9)</sup>        | Singapore                | Investment holding                              | 100                                  | 100   | 100        |
| Vantage Bay JB Sdn. Bhd. <sup>(3)</sup>                          | Malaysia                 | Property development                            | 100                                  | 100   | 100        |
| <b><i>Held through Sasteria Pte Ltd:</i></b>                     |                          |   |                                      |       |            |
| Sasteria (M) Pte Ltd <sup>(1)</sup>                              | Singapore                | Investment holding                              | 100                                  | 100   | 100        |
| Thomson Medical Pte Ltd <sup>(1)</sup>                           | Singapore                | Operates a hospital                             | 100                                  | 100   | 100        |
| <b><i>Held through Thomson Medical Pte Ltd:</i></b>              |                          |   |                                      |       |            |
| Thomson Paediatric Centre Pte Ltd <sup>(1)</sup>                 | Singapore                | Operates a specialist paediatric medical clinic | 80                                   | 80    | 80         |
| <b><i>Held through Sasteria (M) Pte Ltd:</i></b>                 |                          |   |                                      |       |            |
| TMC Life Sciences Berhad <sup>(2)</sup>                          | Malaysia                 | Investment holding                              | 70.35                                | 51.93 | 52.03      |

**Thomson Medical Group Limited and its Subsidiaries**

**Notes to the financial statements  
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**15. Investment in subsidiaries (cont'd)**

**(a) Composition of the Group (cont'd)**

| Name of Company   | Country of incorporation      | Principal activities  | Proportion (%) of ownership interest |      |            |
|---|-------------------------------|---|--------------------------------------|------|------------|
|   |                               |   | 2018                                 | 2017 | 1 Jan 2017 |
| <b>Held through TMC Life Sciences Berhad:</b>                             |                               |   |                                      |      |            |
| Thomson Hospitals Sdn Bhd <sup>(2) (7)</sup>                              | Malaysia                      | Multi-disciplinary tertiary care services   | 100                                  | 100  | 100        |
| BB Waterfront Sdn Bhd <sup>(4)</sup>                                      | Malaysia                      | Provision of healthcare services  | 100                                  | 100  | 100        |
| TMC Biotech Sdn Bhd <sup>(2)</sup>  | Malaysia                      | Provision of fertility consultancy, laboratory and embryology services and research and development | 100                                  | 100  | 100        |
| <b>Held through Thomson Hospitals Sdn Bhd:</b>                            |                               |   |                                      |      |            |
| TMC Women's Specialist Holdings Sdn Bhd <sup>(2) (8)</sup>                | Malaysia                      | Business of operating fertility centres and providing related services                              | 100                                  | 100  | 100        |
| <b>Held through RSP Architects Planners &amp; Engineers (Pte) Ltd:</b>    |                               |   |                                      |      |            |
| RSP Architects Planners & Engineers (Vietnam) Co., Ltd <sup>(5) (9)</sup> | Socialist Republic of Vietnam | Architects and planners   | 100                                  | 100  | 100        |
| Squire Mech Private Limited <sup>(6) (9)</sup>                            | Singapore                     | Consulting engineering  | 100                                  | 100  | 100        |

<sup>(1)</sup> Audited by Ernst & Young LLP, Singapore

<sup>(2)</sup> Audited by member firms of EY Global in the respective countries

<sup>(3)</sup> Audited by member firms of KPMG International in the respective countries

<sup>(4)</sup> Audited by Baker Tilly Malaysia

<sup>(5)</sup> Audited by Pham Dinh Duong, Crowe Vietnam Co., Ltd

<sup>(6)</sup> Audited by Baker Deloitte & Touche LLP, Singapore

<sup>(7)</sup> Formerly known as Tropicana Medical Centre (M) Sdn Bhd

<sup>(8)</sup> Formerly known as TMC Women's Specialist (Kuantan) Sdn Bhd

<sup>(9)</sup> Subsidiaries included in disposal group classified as held for distribution

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

15. Investment in subsidiaries (cont'd)

(b) *Interest in subsidiary with material non-controlling interest (NCI)*

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

|  | TMC Life Sciences Berhad and its subsidiaries |         |            |
|--|---|---------|------------|
|  | 2018  | 2017    | 1 Jan 2017 |
|  |   |         | Unaudited  |
| Proportion of ownership interest held by NCI (%)             | 29.65   | 48.07   | 47.97      |
| Profit allocated to NCI during the reporting period (\$'000) | 3,076   | 4,200   | 2,248      |
| Accumulated NCI at the end of reporting period (\$'000)      | 72,718  | 114,600 | 107,308    |
| Dividends paid to NCI (\$'000)                               | 460   | 423     | 449        |

(c) *Summarised financial information about subsidiary with material NCI*

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

*Summarised consolidated statement of financial position*

|                        | TMC Life Sciences Berhad and its subsidiaries |          |            |
|------------------------|---|----------|------------|
|                        | 2018  | 2017     | 1 Jan 2017 |
|                        | \$'000  | \$'000   | \$'000     |
|                        |   |          | Unaudited  |
| <b>Current</b>         |   |          |            |
| Assets                 | 84,128  | 83,878   | 75,673     |
| Liabilities            | (13,492)                                      | (13,587) | (12,931)   |
| Net current assets     | 70,636  | 70,291   | 62,742     |
| <b>Non-current</b>     |   |          |            |
| Assets                 | 181,490                                       | 172,300  | 165,798    |
| Liabilities            | (4,788)                                       | (4,731)  | (4,722)    |
| Net non-current assets | 176,702                                       | 167,569  | 161,076    |
| Net assets             | 247,338                                       | 237,860  | 223,818    |



Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

15. Investment in subsidiaries (cont'd)

(c) *Summarised financial information about subsidiary with material NCI (cont'd)*

*Summarised consolidated statement of comprehensive income*

|   | <b>TMC Life Sciences Berhad and its subsidiaries</b> |              |
|---|--|--------------|
|   | <b>2018</b>  | <b>2017</b>  |
|   | \$'000   | \$'000       |
|   | <b>Unaudited</b>                                     |              |
| Revenue   | 59,326   | 51,052       |
| Profit before tax   | 11,699   | 9,356        |
| Income tax expense  | (1,928)  | (456)        |
| Profit after tax, representing total comprehensive income | <u>9,771</u>   | <u>8,900</u> |

*Other summarised information*

|                                | <b>TMC Life Sciences Berhad and its subsidiaries</b> |             |
|--------------------------------|--|-------------|
|                                | <b>2018</b>  | <b>2017</b> |
|                                | \$'000   | \$'000      |
|                                | <b>Unaudited</b>                                     |             |
| Net cash flows from operations | 10,529   | 8,164       |

(d) *Disposal of subsidiaries*

*Thomson International Health Services Pte Ltd*

On 1 March 2017, a wholly-owned subsidiary of the Group entered into a sale agreement to dispose of 100% of its equity interest in its wholly-owned subsidiary, Thomson International Health Services Pte Ltd (TIHS), at its carrying value, for a consideration of \$114,000. There is no gain or loss arising from the disposal as the subsidiary was disposed of at its carrying value.

*Thomson Dental Centre Pte Ltd*

On 1 April 2017, a wholly-owned subsidiary of the Group entered into a sale agreement to dispose of 100% of its equity interest in its wholly-owned subsidiary, Thomson Dental Centre Pte Ltd (TDC), at its carrying value. There is no gain or loss arising from the disposal as the subsidiary was disposed of at its carrying value.

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2018

15. Investment in subsidiaries (cont'd)

(d) *Disposal of subsidiaries (cont'd)*

Ariva Pte. Ltd.

On 28 September 2018, a wholly-owned subsidiary of the Group entered into a sale agreement to dispose of 100% of its equity interest in its wholly-owned subsidiary, Ariva Pte. Ltd. (Ariva), at a consideration of \$3,380,000. A gain on disposal of \$2,088,000 has been included in profit or loss in the "Loss from discontinued operation, net of tax".

Finestday Limited

On 9 November 2018, a wholly-owned subsidiary of the Group entered into a sale agreement to dispose of its 50% equity interest held in its subsidiary, Finestday Limited (Finestday), at a consideration of \$2,114,000. A gain on disposal of \$417,000 has been included in profit or loss in the "Loss from discontinued operation, net of tax".

The disposals were completed on the respective dates of the sale agreements, on which date control of the entities were passed to the acquirers.

The value of assets and liabilities of these subsidiaries recorded in the consolidated financial statements as at the date of disposal, and the effects of the disposals were:

|   | 2018    | 2017    |
|---|---------|---------|
|   | \$'000  | \$'000  |
| Property and equipment                                | 19,105  | 1,857   |
| Intangible assets                                     | 5,867   | –       |
| Investment in associates                              | 1,208   | –       |
| Inventories   | –       | 179     |
| Trade and other receivables                           | 757     | 893     |
| Cash and cash equivalents                             | 193     | 1,021   |
|   | <hr/>   | <hr/>   |
| Trade and other payables                              | 27,130  | 3,950   |
| Interest-bearing loans and borrowings                 | (7,625) | (3,711) |
| Income tax payable                                    | (7,719) | –       |
| Provision   | (9)     | (69)    |
| Purchase consideration payable                        | –       | (56)    |
| Deferred tax liabilities                              | (4,756) | –       |
|   | <hr/>   | <hr/>   |
| Net assets de-recognised                              | (1,427) | –       |
| Less: Non-controlling interest                        | 5,594   | 114     |
| Reclassification of other reserves                    | (1,847) | –       |
| Gain on disposal of subsidiaries                      | (758)   | –       |
|   | <hr/>   | <hr/>   |
| Consideration   | 2,505   | –       |
|   | <hr/>   | <hr/>   |
| Consideration received, satisfied in cash             | 5,494   | 114     |
| Cash and cash equivalents of subsidiaries             | 3,380   | 114     |
|   | <hr/>   | <hr/>   |
| Net cash inflow/(outflow) on disposal of subsidiaries | (193)   | (1,021) |
|   | <hr/>   | <hr/>   |
|   | 3,187   | (907)   |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

15. Investment in subsidiaries (cont'd)

(e) *Acquisition of subsidiaries*

Thomson Dental Centre Pte Ltd

On 8 December 2017, a wholly-owned subsidiary of the Group re-acquired a 100% equity interest in Thomson Dental Centre Pte Ltd (TDC), at its carrying value, in cash.

The value of the identifiable assets and liabilities of TDC as at the acquisition date were:

|  | <b>2017</b> |
|--|-------------|
|  | \$'000      |
| Property and equipment                         | 1,658       |
| Inventories                                    | 174         |
| Trade and other receivables                    | 571         |
| Cash and cash equivalents                      | 1,077       |
|  | <hr/>       |
|  | 3,480       |
| Trade and other payables                       | (3,385)     |
| Deferred tax liability                         | (39)        |
| Provisions                                     | (56)        |
|  | <hr/>       |
| Carrying value of net assets                   | -           |
|  | <hr/>       |
| Cash consideration                             | *           |
| Cash and cash equivalents of subsidiary        | 1,077       |
|  | <hr/>       |
| Net cash inflow on acquisition of subsidiaries | 1,077       |
|  | <hr/> <hr/> |
| Gain on acquisition:                           |             |
| Cash received                                  | *           |
| Net assets derecognised                        | -           |
|  | <hr/>       |
| Gain on acquisition                            | -           |
|  | <hr/> <hr/> |

\* Amount less than \$1,000

15. Investment in subsidiaries (cont'd)

(e) *Acquisition of subsidiaries (cont'd)*

Ariva Pte. Ltd. and AC Consortium Pte. Ltd.

During the financial year ended 31 December 2017, the Group completed the following acquisitions:

- (i) Acquisition of the entire issued and paid up capital of Ariva Pte. Ltd. (Ariva) pursuant to the terms and conditions of the sale and purchase agreement entered into between Rowsley Hospitality Holdings Pte Ltd (RHH) and Ong Ah Luan Cameron, Lee Sok Fang Phyllis, and Jean-Claude Erne (collectively, Ariva Vendors) for a total consideration of \$9,000,000, to be satisfied by way of cash payments of up to \$2,600,000 and allotment and issuance of up to 53,333,333 ordinary shares of the Company (Consideration Shares).
- (ii) Acquisition of the entire issued and paid up capital of AC Consortium Pte. Ltd. (AC Consortium) pursuant to the terms and conditions of the sale and purchase agreement entered into between RSP Architects Planners & Engineers (Pte) Ltd and Grace Young Kok Inn and Tan Meow Hwa (collectively, AC Consortium Vendors) for a total consideration of \$8,000,000, to be satisfied by way of allotment and issuance of equivalent number of ordinary shares of the Company based on the market price of the settlement date.

((i) and (ii) collectively known as the Acquisitions).

The acquisition of Ariva was in line with Group's strategy to develop or acquire good hospitality real estate in choice locations, and to allow shareholders to participate in long-term capital appreciation and recurrent income through hotel earnings.

The acquisition of AC Consortium was expected to further enhance the strengths of the RSP group of business and enable access to new growth opportunities.

In conjunction with the acquisition of Ariva and AC Consortium, the payment of the purchase considerations to AC Consortium Vendors and Ariva Vendors are subject to AC Consortium and the Ariva Sub-Group achieving certain earn-out targets based on their respective cumulative net operating profit after tax for certain periods.

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of the net identifiable assets of one of Ariva's subsidiaries.

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

15. Investment in subsidiaries (cont'd)

(e) *Acquisition of subsidiaries (cont'd)*

*Ariva Pte. Ltd. and AC Consortium Pte. Ltd. (cont'd)*

The fair values of the identifiable assets and liabilities of Ariva and AC Consortium at the acquisition date were:

|   | Fair value<br>recognised<br>on<br>acquisitions |
|---|--|
|   | \$'000   |
| Property, plant and equipment   | 6  |
| Intangible assets   | 9,634  |
| Investment in associates  | 1,011  |
| Trade and other receivables   | 1,649  |
| Cash and cash equivalents   | 1,877  |
| Trade and other payables  | (818)  |
| Income tax payable  | (4)  |
| Deferred tax liabilities  | (1,697)  |
|   | <hr/>  |
| Total identifiable net assets at fair value   | 11,658   |
| Non-controlling interest measured at the non-controlling interest's proportionate share of the net identifiable assets of one of Ariva's subsidiaries | 20   |
| Goodwill arising from the Acquisitions  | 5,322  |
|   | <hr/>  |
|   | 17,000   |
|   | <hr/>  |
| <u>Consideration transferred for the Acquisitions</u>   |  |
| Cash paid   | 1,000  |
| Equity instruments issued<br>(68,773,480 ordinary shares of the Company)  | 5,360  |
| Purchase consideration payable recognised as at acquisition date  | 10,640   |
|   | <hr/>  |
| Total consideration transferred   | 17,000   |
|   | <hr/>  |
| <u>Effect of the Acquisitions on cash flows</u>   |  |
| Total consideration for the Acquisitions  | (17,000)                                       |
| Less: Non-cash consideration  | 14,400   |
|   | <hr/>  |
| Consideration settled in cash   | (2,600)  |
| Less: Cash consideration included in purchase consideration payable   | 1,600  |
| Less: Cash and cash equivalents acquired  | 1,877  |
|   | <hr/>  |
| Net cash inflow on acquisitions   | 877  |
|   | <hr/>  |

15. Investment in subsidiaries (cont'd)

(e) **Acquisition of subsidiaries (cont'd)**

Ariva Pte. Ltd. and AC Consortium Pte. Ltd. (cont'd)

Equity instruments issued as part of consideration transferred

In connection with the Acquisitions, the Company issued 60,773,480 ordinary shares at a fair value of \$0.07 per share, and 8,000,000 ordinary shares at a value of \$0.12 per share. The fair values of these shares were the published prices of the shares as at the date of completion of the Acquisitions.

Impact of the Acquisitions on profit or loss

From the respective acquisition dates, Ariva and AC Consortium have contributed revenue of \$3,262,000 and net attributable loss of \$393,000 to the Group. There was no significant impact on the Group's consolidated revenue and loss for the year had the Acquisitions taken place on 1 January 2017.

(f) **Acquisition of ownership interest in subsidiary, without loss of control**

On 13 April 2018, pursuant to the very substantial acquisition of Sasteria, the Group's subsidiary acquired 320,000,000 ordinary shares and 186,666,666 warrants in TMCLS from two companies related to the controlling shareholder. The aggregate consideration for the acquisitions amounted to \$94,201,000. This resulted in an increase in the Group's equity interest in TMCLS by 18.42%, from 51.93% to 70.35%. The carrying value of the net assets of TMCLS at 13 April 2018 was \$242,986,000 and the carrying value of the additional interest acquired was \$44,824,000. The difference of \$49,377,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Capital reserve" within equity.

|   | \$'000   |
|---|----------|
| Consideration paid for acquisition of non-controlling interests | 94,201   |
| Decrease in equity attributable to non-controlling interests    | (44,824) |
|   | <hr/>    |
| Decrease in equity attributable to owners of the Company        | 49,377   |
|   | <hr/>    |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
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16. Investment in associates

The Group's material investments in associates are summarised below:

|  | 2017<br>\$'000 | 1 Jan<br>2017<br>\$'000 |
|--|----------------|-------------------------|
|  | Unaudited      |                         |
| RSP Design Consultants (India) Private Ltd | 20,258         | 21,360                  |
| Other associates                           | 7,063          | 5,506                   |
|  | 27,321         | 26,866                  |

As at 31 December 2018, the Group's investment in associates have been included in the statement of financial position in the "Assets of disposal group classified as held for distribution" line item.

| Name of Company   | Country of incorporation | Principal activities | Proportion (%) of ownership interest |       |            |
|---|--------------------------|----------------------|--------------------------------------|-------|------------|
|   |                          |                      | 2018                                 | 2017  | 1 Jan 2017 |
| <b>Held through subsidiaries</b>                                      |                          |                      |                                      |       |            |
| RSP Design Consultants (India) Private Ltd <sup>(1)</sup> (RSP India) | India                    | Design consultancy   | 34.72                                | 34.72 | 34.72      |

<sup>(1)</sup> Audited by a member firm of KPMG International

Aggregate information about the Group's investments in associates that are not individually material are as follows:

|   | 2017<br>\$'000 |
|---|----------------|
|   | Unaudited      |
| Profit or loss after tax, representing total comprehensive income | 481            |



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Notes to the financial statements  
For the financial year ended 31 December 2018

16. Investment in associates (cont'd)

The summarised financial information in respect of RSP India, based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised statement of financial position

|   | <b>RSP India</b> |                       |
|---|------------------|-----------------------|
|   | <b>2017</b>      | <b>1 Jan<br/>2017</b> |
|   | <b>\$'000</b>    | <b>\$'000</b>         |
|   | <b>Unaudited</b> |                       |
| Current assets                              | 29,757           | 27,991                |
| Non-current assets                          | 4,443            | 8,082                 |
| <b>Total assets</b>                         | <b>34,200</b>    | <b>36,073</b>         |
| Current liabilities                         | (3,693)          | (5,414)               |
| Non-current liabilities                     | (45)             | (9)                   |
| <b>Total liabilities</b>                    | <b>(3,738)</b>   | <b>(5,423)</b>        |
| <b>Net assets</b>                           | <b>30,462</b>    | <b>30,650</b>         |
| Group's share of net assets                 | 10,576           | 10,642                |
| Intangible assets recognised on acquisition | 9,682            | 10,718                |
| <b>Carrying amount of the investment</b>    | <b>20,258</b>    | <b>21,360</b>         |

Summarised statement of comprehensive income

|   | <b>RSP India</b> |
|---|------------------|
|   | <b>2017</b>      |
|   | <b>\$'000</b>    |
|   | <b>Unaudited</b> |
| Revenue   | 25,328           |
| Profit after tax, representing total comprehensive income | 2,808            |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
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17. Investment property

|                                      | Group   |           |
|--------------------------------------|---------|-----------|
|                                      | 2018    | 2017      |
|                                      | \$'000  | \$'000    |
|                                      |         | Unaudited |
| <b>Cost</b>                          |         |           |
| At 1 January                         | 163,299 | 159,882   |
| Additions                            | 41      | 3         |
| Reversal                             | –       | (62)      |
| Translation difference               | 395     | 3,476     |
| At 31 December                       | 163,735 | 163,299   |
| <b>Accumulated impairment losses</b> |         |           |
| At 1 January                         | 11,687  | 11,438    |
| Impairment loss                      | 1,405   | –         |
| Translation difference               | 37      | 249       |
| At 31 December                       | 13,129  | 11,687    |
| <b>Carrying amount</b>               | 150,606 | 151,612   |
| <b>Fair value</b>                    | 150,606 | 151,612   |

As at 1 January 2017, the carrying amount and fair value of the investment property amounted to \$148,444,000 and \$148,444,000 respectively.

The investment property relates to a piece of freehold land, measuring 9.23 hectares located within the Iskandar Development Region, Johor Bahru, Malaysia. The investment property portion accounts for 51.31% of the total land area. The property is pledged as security for interest-bearing loans and borrowings as disclosed in Note 24.

*Impairment loss*

During the financial year, the Group carried out a review of the recoverable amount of the investment property, and recognised an impairment loss of \$1,405,000, representing the write-down of the investment property to its recoverable amount.

Management estimated the recoverable amount of the investment property based on fair value using the Direct Comparison Method. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used (Note 32(d)).

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

18. Other investments

|  | Group     |               |
|--|-----------|---------------|
|  | 2017      | 1 Jan<br>2017 |
|  | \$'000    | \$'000        |
|  | Unaudited |               |
| <i>Non-current:</i>                        |           |               |
| <i>Available-for-sale financial assets</i> |           |               |
| - Equity instruments (quoted)              | 1,940     | 2,041         |

*Impairment losses*

During the financial year ended 31 December 2017, the Group recognised an impairment loss of \$143,000 in respect of its quoted equity instruments, as there was a significant and prolonged decline in the fair values.

As at 31 December 2018, the quoted equity instruments have been included in the statement of financial position in the "Assets of disposal group classified as held for distribution" line item.

19. Development property

|                                      | Group     |         |
|--------------------------------------|-----------|---------|
|                                      | 2018      | 2017    |
|                                      | \$'000    | \$'000  |
|                                      | Unaudited |         |
| <b>Cost</b>                          |           |         |
| At 1 January                         | 154,241   | 151,016 |
| Reversal                             | -         | (58)    |
| Translation difference               | 375       | 3,283   |
| At 31 December                       | 154,616   | 154,241 |
| <b>Accumulated impairment losses</b> |           |         |
| At 1 January                         | 11,089    | 10,853  |
| Impairment loss                      | 579       | -       |
| Translation difference               | 32        | 236     |
| At 31 December                       | 11,700    | 11,089  |
| <b>Carrying amount</b>               | 142,916   | 143,152 |

As at 1 January 2017, the carrying amount of the development property amounted to \$140,163,000.

Notes to the financial statements  
For the financial year ended 31 December 2018

19. Development property (cont'd)

The property is pledged as security for interest-bearing loans and borrowings as disclosed in Note 24.

*Impairment loss*

During the financial year, the Group has recognised an impairment loss in respect of the development property of \$579,000, representing the write-down of the development property to its net realisable value.

*Measurement of net realisable value of development property*

The Group makes allowance for onerous contracts/foreseeable losses by reference to comparable properties, timing of sale launches, location of property, expected net selling prices and development expenditure. Market conditions, however, may change which might affect the future selling prices of the residential units of the development property, and accordingly, the carrying value of development property may have to be further adjusted in future periods.

The development property held by the Group as at 31 December is as follows:

| Description and location   | Existing use | Tenure   | Gross floor area | Interest % |
|--|--------------|----------|------------------|------------|
| Land under development in Malaysia's Iskandar Development Region | Residential  | Freehold | 494,426 sqm      | 100        |

20. Inventories

|                                   | Group        |              |              |
|-----------------------------------|--------------|--------------|--------------|
|                                   | 2018         | 2017         | 1 Jan 2017   |
|                                   | \$'000       | \$'000       | \$'000       |
|                                   | Unaudited    |              |              |
| Drugs and pharmaceutical products | 5,540        | 4,941        | 4,157        |
| Food and beverage consumables     | -            | 234          | 305          |
|                                   | <u>5,540</u> | <u>5,175</u> | <u>4,462</u> |

During the financial years ended 31 December 2018 and 2017, there has been no inventory written off or allowance for inventory obsolescence.

Inventories amounting to \$31,640,000 (2017: \$28,588,000) were recognised as an expense in profit or loss during the year.

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

21. Trade and other receivables

|   | Group          |                |                | Company        |              |               |
|---|----------------|----------------|----------------|----------------|--------------|---------------|
|   | 2018           | 2017           | 1 Jan          | 2018           | 2017         | 1 Jan         |
|   | \$'000         | \$'000         | \$'000         | \$'000         | \$'000       | \$'000        |
|   | Unaudited      |                |                |                |              |               |
| Trade receivables                                       | 14,657         | 40,771         | 44,605         | –              | –            | –             |
| Other receivables                                       | 4,718          | 8,063          | 5,783          | 148            | 75           | 19            |
| Deposits  | 2,161          | 4,253          | 3,185          | 74             | 689          | 57            |
| Prepaid operating expenses                              | 1,403          | 4,214          | 2,419          | 307            | 1,047        | 304           |
| Amounts due from subsidiaries (non-trade)               | –              | –              | –              | 175,314        | 2,732        | 9,627         |
| <b>Total trade and other receivables</b>                | <b>22,939</b>  | <b>57,301</b>  | <b>55,992</b>  | <b>175,843</b> | <b>4,543</b> | <b>10,007</b> |
| Less: Prepaid operating expenses                        | (1,403)        | (4,214)        | (2,419)        | (307)          | (1,047)      | (304)         |
| Add: Cash and short-term deposits (Note 22)             | 121,745        | 140,991        | 148,462        | 6,141          | 5,881        | 6,444         |
| <b>Total financial assets carried at amortised cost</b> | <b>143,281</b> | <b>194,078</b> | <b>202,035</b> | <b>181,677</b> | <b>9,377</b> | <b>16,147</b> |

*Trade receivables*

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

*Related party balances*

Amounts due from subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

**Thomson Medical Group Limited and its Subsidiaries**

**Notes to the financial statements  
For the financial year ended 31 December 2018**

**21. Trade and other receivables (cont'd)**

Trade and other receivables denominated in foreign currencies at the end of the reporting period are as follows:

|                      | <b>2018</b> | <b>Group</b>     | <b>1 Jan</b> |
|----------------------|-------------|------------------|--------------|
|                      | \$'000      | 2017             | 2017         |
|                      |             | \$'000           | \$'000       |
|                      |             | <b>Unaudited</b> |              |
| United States Dollar | —           | 886              | 3,142        |
| Renminbi             | —           | 5,074            | 4,781        |
| Malaysian Ringgit    | —           | 2,137            | 2,916        |
| Emirates Dirham      | —           | 7,800            | 6,445        |

*Receivables that are past due but not impaired*

The Group has trade receivables amounting to \$26,986,000 as at 31 December 2017 and \$25,808,000 as at 1 January 2017 that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

|  | <b>Group</b>     |               |
|--|------------------|---------------|
|  | <b>2017</b>      | <b>1 Jan</b>  |
|  | \$'000           | \$'000        |
|  | <b>Unaudited</b> |               |
| Trade receivables past due but not impaired: |                  |               |
| Lesser than 30 days                          | 9,393            | 10,723        |
| 30 to 90 days                                | 4,393            | 4,487         |
| More than 90 days                            | 13,200           | 10,598        |
|  | <u>26,986</u>    | <u>25,808</u> |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

21. Trade and other receivables (cont'd)

*Receivables that are impaired*

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

|  | Group            |               |
|--|------------------|---------------|
|  | 2017             | 1 Jan<br>2017 |
|  | \$'000           | \$'000        |
|  | <b>Unaudited</b> |               |
| Trade receivables - nominal amounts    | 4,587            | 2,022         |
| Less: Allowance for impairment         | (4,587)          | (2,022)       |
|  | —                | —             |
| <u>Movement in allowance accounts:</u> |                  |               |
| At 1 January                           | 2,022            | 1,149         |
| Charge for the year                    | 2,746            | 1,436         |
| Write back                             | (166)            | (376)         |
| Written off                            | (34)             | (615)         |
| Acquisition of a subsidiary            | 36               | 406           |
| Disposal of a subsidiary               | (13)             | —             |
| Exchange difference                    | (4)              | 22            |
| At 31 December                         | 4,587            | 2,022         |

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.



Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

21. Trade and other receivables (cont'd)

*Expected credit losses*

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

|  | <b>Group<br/>2018</b> |
|--|-----------------------|
|  | \$                    |
| <u>Movement in allowance accounts:</u> |                       |
| At 1 January                           | 1,804                 |
| Charge for the year                    | 53                    |
| Written back                           | (77)                  |
| Written off                            | (114)                 |
| Exchange differences                   | 4                     |
|  | <hr/>                 |
| At 31 December                         | 1,670                 |
|  | <hr/>                 |

22. Cash and short-term deposits

|                              | <b>Group</b>     |             |                       | <b>Company</b> |             |                       |
|------------------------------|------------------|-------------|-----------------------|----------------|-------------|-----------------------|
|                              | <b>2018</b>      | <b>2017</b> | <b>1 Jan<br/>2017</b> | <b>2018</b>    | <b>2017</b> | <b>1 Jan<br/>2017</b> |
|                              | \$'000           | \$'000      | \$'000                | \$'000         | \$'000      | \$'000                |
|                              | <b>Unaudited</b> |             |                       |                |             |                       |
| Cash at banks and on hand    | 31,687           | 46,002      | 56,291                | 339            | 2,520       | 3,329                 |
| Short-term deposits          | 90,058           | 94,989      | 92,171                | 5,802          | 3,361       | 3,315                 |
|                              | <hr/>            |             |                       |                |             |                       |
| Cash and short-term deposits | 121,745          | 140,991     | 148,462               | 6,141          | 5,881       | 6,644                 |
|                              | <hr/>            |             |                       |                |             |                       |

Cash at banks are non-interest bearing. Short-term deposits are made for varying periods of between three months to six months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2018 for the Group and the Company are 3.37% and 0.37% (31 December 2017: 2.93% and 1.76%, 1 January 2017: 3.61% and 2.17%) per annum respectively.

Pledged deposits of \$6,580,000 (31 December 2017: \$5,450,000, 1 January 2017: \$4,692,000) are pledged as security for the interest-bearing loans and borrowings as disclosed in Note 24.

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

22. Cash and short-term deposits (cont'd)

Cash and short-term deposits denominated in foreign currencies at the end of the reporting period are as follows:

|                      | 2018   | Group<br>2017 | 1 Jan<br>2017 |
|----------------------|--------|---------------|---------------|
|                      | \$'000 | \$'000        | \$'000        |
|                      |        | Unaudited     |               |
| United States Dollar | 24     | 79            | 217           |
| Malaysian Ringgit    | 1,527  | 1,088         | 670           |
| Renminbi             | -      | 3,296         | 3,999         |
| Emirates Dirham      | -      | 1,335         | 4,500         |
| Sterling Pound       | 36     | 144           | 186           |

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

|                              | Note | 2018      | Group<br>2017 | 1 Jan<br>2017 |
|------------------------------|------|-----------|---------------|---------------|
|                              |      | \$'000    | \$'000        | \$'000        |
|                              |      | Unaudited |               |               |
| Cash and short-term deposits |      |           |               |               |
| - Continuing operations      |      | 121,745   | 140,991       | 148,462       |
| - Discontinued operation     | 11   | 23,746    | -             | -             |
|                              |      | 145,491   | 140,991       | 148,462       |
| Less: Pledged deposits       |      | (6,580)   | (5,450)       | (4,692)       |
| Cash and cash equivalents    |      | 138,911   | 135,541       | 143,770       |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

23. Trade and other payables

|   | Group            |         |            | Company |         |            |
|---|------------------|---------|------------|---------|---------|------------|
|   | 2018             | 2017    | 1 Jan 2017 | 2018    | 2017    | 1 Jan 2017 |
|   | \$'000           | \$'000  | \$'000     | \$'000  | \$'000  | \$'000     |
|   | <b>Unaudited</b> |         |            |         |         |            |
| Trade payables  | 14,587           | 24,504  | 15,963     | –       | –       | –          |
| Other payables  | 6,515            | 9,338   | 10,280     | 114     | 63      | 50         |
| Amount due to directors                                     | –                | 896     | 650        | –       | –       | –          |
| Amounts due to non-controlling shareholders of a subsidiary | –                | 2,163   | 3,904      | –       | –       | –          |
| Accrued operating expenses                                  | 15,418           | 29,166  | 26,864     | 1,725   | 5,644   | 2,513      |
| GST payable   | 2,147            | 2,306   | 2,304      | –       | –       | –          |
| Deposits received   | 1,568            | 1,786   | 1,145      | –       | –       | –          |
| Total trade and other payables                              | 40,235           | 70,159  | 61,110     | 1,839   | 5,707   | 2,563      |
| Add: Amounts due to the ultimate controlling shareholder    | 9,811            | 437,391 | 467,142    | 9,811   | –       | –          |
| Add: Interest-bearing loans and borrowings (Note 24)        | 578,301          | 221,222 | 216,938    | 129,569 | 99,906  | 99,526     |
| Add: Purchase consideration payable                         | –                | 13,642  | 11,513     | –       | –       | –          |
| Less: GST payable   | (2,147)          | (2,306) | (2,304)    | –       | –       | –          |
| Total financial liabilities carried at amortised cost       | 626,200          | 740,108 | 754,399    | 141,219 | 105,613 | 102,089    |

*Trade and other payables*

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days' terms.

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

23. Trade and other payables (cont'd)

Trade and other payables denominated in foreign currencies at the end of the reporting period are as follows:

|                      | Group     |        |        |
|----------------------|-----------|--------|--------|
|                      | 2018      | 2017   | 1 Jan  |
|                      | \$'000    | \$'000 | \$'000 |
|                      | Unaudited |        |        |
| United States Dollar | 23        | 511    | 569    |
| Renminbi             | –         | 896    | 787    |
| Malaysian Ringgit    | 5         | 588    | 335    |
| Emirates Dirham      | –         | 4,585  | 4,667  |

*Related party balances*

Amounts due to directors, non-controlling shareholders of a subsidiary and the ultimate controlling shareholder are unsecured, non-interest bearing, repayable on demand and to be settled in cash.

24. Interest-bearing loans and borrowings

|   | Group     |         |         | Company |        |        |
|---|-----------|---------|---------|---------|--------|--------|
|   | 2018      | 2017    | 1 Jan   | 2018    | 2017   | 1 Jan  |
|   | \$'000    | \$'000  | \$'000  | \$'000  | \$'000 | \$'000 |
|   | Unaudited |         |         |         |        |        |
| <b>Current:</b>   |           |         |         |         |        |        |
| Secured bank loans  | 236,628   | 207     | 1,017   | 129,569 | –      | –      |
| Unsecured notes Obligations under finance leases (Note 30(d)) | –         | 99,906  | –       | –       | 99,606 | –      |
|   | 8         | 7       | 7       | –       | –      | –      |
|   | 236,636   | 100,120 | 1,024   | 129,569 | 99,606 | –      |
| <b>Non-current:</b>   |           |         |         |         |        |        |
| Secured bank loans  | 341,664   | 121,093 | 116,372 | –       | –      | –      |
| Unsecured notes Obligations under finance leases (Note 30(d)) | –         | –       | 99,526  | –       | –      | 99,526 |
|   | 1         | 9       | 16      | –       | –      | –      |
|   | 341,665   | 121,102 | 215,914 | –       | –      | 99,526 |
| Total interest-bearing loans and borrowings                   | 578,301   | 221,222 | 216,938 | 129,569 | 99,606 | 99,526 |

**24. Interest-bearing loans and borrowings (cont'd)**

***Secured bank loans***

Bank loan of the Company is denominated in SGD, and bears interest at floating interest rate ranging from 4.05% to 4.31% per annum. The loan is secured on the Group's investment and development properties as disclosed in Note 17 and 19 respectively.

As at 31 December 2018, the Group's subsidiaries had bank loans amounting to \$448,723,000 (31 December 2017: \$121,300,000, 1 January 2017: \$117,389,000), which are secured by a charge over certain shares and warrants of the subsidiaries, certain assets of the subsidiaries and corporate guarantees provided by the Company and a subsidiary of the Company. The effective interest rates of the loans range from 3.26% to 5.11% (31 December 2017: 2.80% to 4.91%, 1 January 2017: 2.67% to 4.98%) per annum. These loans are denominated in SGD, except for bank loans amounting to \$548,000 (31 December 2017: \$566,000, 1 January 2017: \$574,000) and \$Nil (31 December 2017: \$21,359,000, 1 January 2017: \$17,569,000) which are denominated in Malaysian Ringgit and Sterling Pound respectively. These loans have maturity dates ranging from 2019 to 2030.

***Unsecured note***

Unsecured note comprises \$100,000,000 Medium Term Notes (MTN) issued by the Company at fixed rate of 6.50% as part of an unsecured Multicurrency Medium Term Note Programme established on 17 November 2014 with programme limit of \$500,000,000. The MTN have been fully redeemed during the financial year ended 31 December 2018.

***Obligations under finance leases***

These obligations are secured by a charge over the leased assets (Note 13). The average discount rate implicit in the leases is 4.53% p.a. (31 December 2017: 4.58% p.a.; 1 January 2017: 4.66% p.a.).

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

24. Interest-bearing loans and borrowings (cont'd)

A reconciliation of liabilities arising from the Group's financing activities is as follows:

|                                     | Note | 2017<br>\$'000 | Cash<br>flows<br>\$'000 | Non-cash changes   |   |                                       |   | 2018<br>\$'000 |
|-------------------------------------|------|----------------|-------------------------|--|---|---------------------------------------|---|----------------|
|                                     |      |                |                         | Amortisation<br>of financing<br>fees on bank<br>loan<br>\$'000 | Foreign<br>exchange<br>movement<br>\$'000 | Disposal of<br>subsidiaries<br>\$'000 | Reclassified<br>as part of<br>disposal<br>group<br>\$'000 |                |
| Interest-bearing loans              | 24   |                |                         |  |   |                                       |   |                |
| - current                           |      | 207            | 131,005                 | 705  | 1   | -                                     | (2,184)   | 106,894        |
| - non-current                       |      | 121,093        | 355,987                 | 389  | (970)                                     | (7,719)                               | (20,222)  | (106,894)      |
| Obligations under<br>finance leases | 24   |                |                         |  |   |                                       |   |                |
| - current                           |      | 7              | (7)                     | -  | -   | -                                     | -   | 8              |
| - non-current                       |      | 9              | -                       | -  | -   | -                                     | -   | (8)            |
| Unsecured notes                     | 24   |                |                         |  |   |                                       |   |                |
| - current                           |      | 99,906         | (100,000)               | 94   | -   | -                                     | -   | -              |
|                                     |      | 221,222        | 386,985                 | 1,188  | (969)                                     | (7,719)                               | (22,406)  | -              |
|                                     |      |                |                         |  |   |                                       |   | 578,301        |

The 'other' column relates to reclassification of non-current portion of loans and obligations under finance leases due to the passage of time.

Homson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

24. Interest-bearing loans and borrowings (cont'd)

A reconciliation of liabilities arising from the Group's financing activities is as follows: (cont'd)

|                                  | Note | 1 Jan<br>2017<br>\$'000 | Cash<br>flows<br>\$'000 | Non-cash changes   |   |                 | 2017<br>\$'000 |
|----------------------------------|------|-------------------------|-------------------------|--|---|-----------------|----------------|
|                                  |      |                         |                         | Amortisation<br>of financing<br>fees on bank<br>loan<br>\$'000 | Foreign<br>exchange<br>movement<br>\$'000 | Other<br>\$'000 |                |
| <b>Unaudited</b>                 |      |                         |                         |  |   |                 |                |
| Interest-bearing loans           | 24   | 1,017                   | (20)                    | -  | (2)                                       | (788)           | 207            |
| - current                        |      | 116,372                 | 3,327                   | 129  | 477                                       | 788             | 121,093        |
| - non-current                    |      |                         |                         |  |   |                 |                |
| Obligations under finance leases | 24   | 7                       | (7)                     | -  | -   | 7               | 7              |
| - current                        |      | 16                      | -                       | -  | -   | (7)             | 9              |
| - non-current                    |      |                         |                         |  |   |                 |                |
| Unsecured notes                  | 24   | -                       | -                       | -  | -   | -               | -              |
| - current                        |      | 99,526                  | 380                     | -  | -   | -               | 99,906         |
| - non-current                    |      |                         |                         |  |   |                 |                |
|                                  |      | 216,938                 | 3,680                   | 129  | 475                                       | -               | 221,222        |

The 'other' column relates to reclassification of non-current portion of loans and obligations under finance leases due to the passage of time.



Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
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25. Deferred tax

Deferred tax as at 31 December relates to the following:

|   | Group<br>Consolidated statement of<br>financial position |                |                         | Company<br>Statement of financial position |                |                         |
|---|--|----------------|-------------------------|--|----------------|-------------------------|
|   | 2018<br>\$'000   | 2017<br>\$'000 | 1 Jan<br>2017<br>\$'000 | 2018<br>\$'000                             | 2017<br>\$'000 | 1 Jan<br>2017<br>\$'000 |
|   | Unaudited  |                |                         |  |                |                         |
| <b>Deferred tax liabilities:</b>                      |  |                |                         |  |                |                         |
| Differences in depreciation for tax purposes          | (4,375)  | (7,151)        | (7,712)                 | -  | (20)           | (20)                    |
| Differences in amortisation of intangible assets      | -  | (2,064)        | (831)                   | -  | -              | -                       |
| Fair value adjustments on acquisition of subsidiaries | (3,099)  | (3,092)        | (3,028)                 | -  | -              | -                       |
| Provisions  | 545  | 688            | 624                     | -  | -              | -                       |
| Other items   | (31)   | 109            | 762                     | -  | -              | -                       |
|   | (6,960)  | (11,510)       | (10,185)                | -  | (20)           | (20)                    |
| <b>Deferred tax assets:</b>                           |  |                |                         |  |                |                         |
| Unutilised tax losses                                 | -  | 532            | 548                     | -  | -              | -                       |
|   | -  | 532            | 548                     | -  | -              | -                       |
| Net deferred tax liabilities                          | (6,960)  | (10,978)       | (9,637)                 | -  | (20)           | (20)                    |

|   | Group<br>Consolidated statement<br>of profit or loss |                |
|---|--|----------------|
|   | 2018<br>\$'000                                       | 2017<br>\$'000 |
|   | Unaudited  |                |
| <b>Deferred tax liabilities:</b>                      |  |                |
| Differences in depreciation for tax purposes          | (403)  | (140)          |
| Fair value adjustments on acquisition of subsidiaries | (9)  | (9)            |
| <b>Deferred tax assets:</b>                           |  |                |
| Unabsorbed capital allowances                         | -  | (430)          |
| Unutilised tax losses                                 | 122  | 623            |
| Provisions  | 81   | (54)           |
| Deferred tax credit (Note 10)                         | (209)  | (10)           |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

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25. Deferred tax (cont'd)

*Unrecognised capital allowances and tax losses*

At the end of the reporting period, the Group had unutilised capital allowances and unabsorbed tax losses amounting to approximately \$504,000 (31 December 2017: \$614,000, 1 January 2017: \$776,000) and \$2,067,000 (31 December 2017: \$21,407,000, 1 January 2017: \$15,584,000) respectively that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these unutilised capital allowances and unabsorbed tax losses is subject to agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

*Tax consequences of proposed dividends*

There are no income tax consequences (2017: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 36).

26. Purchase consideration payable

|                                       | Group     |               |
|---------------------------------------|-----------|---------------|
|                                       | 2017      | 1 Jan<br>2017 |
|                                       | \$'000    | \$'000        |
|                                       | Unaudited |               |
| <b><i>Non-current liabilities</i></b> |           |               |
| AC Consortium Vendors                 | 3,600     | –             |
| Ariva Vendors                         | 6,648     | –             |
| Squire Mech Vendors                   | 2,594     | 11,513        |
|                                       | 12,842    | 11,513        |
| <b><i>Current liabilities</i></b>     |           |               |
| Ariva Vendors                         | 800       | –             |
|                                       | 13,642    | 11,513        |

**26. Purchase consideration payable (cont'd)**

***AC Consortium Vendors***

The contingent consideration liability arose from the acquisition of AC Consortium, through RSP Architects Planners & Engineers (Pte) Ltd for a total consideration of \$8,000,000, to be satisfied by way of allotment and issuance of an equivalent number of ordinary shares based on the market price of the settlement date. An initial consideration of 60,773,480 ordinary shares was issued to AC Consortium Vendors upon completion of the acquisition of AC Consortium on 30 June 2017. The remaining consideration shall be payable subject to the terms and conditions set out in the sale and purchase agreement, which include the achievement of earn-out targets.

***Ariva Vendors***

The contingent consideration liability arose from the acquisition of Ariva Pte Ltd (Ariva), through Rowsley Hospitality Holdings Pte. Ltd. for a total consideration of \$9,000,000, to be satisfied by way of cash payments of \$2,600,000 and allotment and issuance of 53,333,333 ordinary shares. An initial consideration, which comprised cash payments of \$1,000,000 together with 8,000,000 ordinary shares were issued to Ariva Vendors upon completion of the acquisition of Ariva on 28 February 2017. The remaining consideration shall be payable subject to the terms and conditions set out in the sale and purchase agreement, which include the achievement of earn-out targets.

***Squire Mech Vendors***

The contingent consideration liability arose from the acquisition of the remaining 65% of the existing issued and paid up share capital of Squire Mech Private Limited (Squire Mech) through RSP for a total consideration of \$15,340,000, to be satisfied by way of allotment and issuance of up to 130,000,000 ordinary shares. An initial consideration of 36,400,000 ordinary shares was issued to Squire Mech Vendors upon completion of the acquisition of Squire Mech on 4 August 2016. The remaining consideration shall be payable subject to the terms and conditions set out in the sale and purchase agreement, which include the achievement of earn-out targets.

As at 31 December 2018, purchase consideration payable to AC Consortium Vendors and Squire Mech Vendors have been included in the statement of financial position in the "Liabilities directly associated with disposal group classified as held for distribution" line item. The purchase consideration payable to Ariva Vendors was derecognised as part of the disposal consideration upon the Group's disposal of Ariva during the financial year ended 31 December 2018.

**Thomson Medical Group Limited and its Subsidiaries**

**Notes to the financial statements  
For the financial year ended 31 December 2018**

**27. Provision**

|  | Group          |                |
|--|----------------|----------------|
|  | 2018<br>\$'000 | 2017<br>\$'000 |
| At 1 January                             | 194            | 189            |
| - Arose during the financial year        | 103            | 5              |
| - Disposal of subsidiaries (Note 15(d))  | -              | (56)           |
| - Acquisition of subsidiary (Note 15(e)) | -              | 56             |
| At 31 December                           | 297            | 194            |

This relates to restoration costs estimated to dismantle or remove plant and equipment or restore rented operating premises to their original condition arising from the return of the leases of rented operating premises to the landlords pursuant to lease agreements.

**28. Share capital**

|   | Group and Company        |           |                          |         |
|---|--------------------------|-----------|--------------------------|---------|
|   | 2018                     |           | 2017                     |         |
|   | No. of<br>shares<br>'000 | \$'000    | No. of<br>shares<br>'000 | \$'000  |
| <b>Issued and fully paid ordinary shares:</b> |                          |           |                          |         |
| At 1 January                                  | 4,738,417                | 788,267   | 4,669,644                | 782,967 |
| Issued for acquisition of a subsidiary        | 21,333,334               | 1,984,000 | 68,773                   | 5,360   |
| Exercise of warrants                          | 1,130                    | 102       | -                        | -       |
| Share issuance expenses                       | -                        | (160)     | -                        | (60)    |
| At 31 December                                | 26,072,881               | 2,772,209 | 4,738,417                | 788,267 |

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

## Thomson Medical Group Limited and its Subsidiaries

### Notes to the financial statements For the financial year ended 31 December 2018

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#### 29. Other reserves

##### *Merger reserve*

This represents the difference between the consideration paid and the share capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interest method, as described in Note 2.4(c) of the financial statements.

##### *Foreign currency translation reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

##### *Capital reserve*

Capital reserve represents the premium paid or discounts on acquisition of non-controlling interests.

##### *Warrant reserves*

The warrant reserve represents the 266,666,666 detachable warrants issued by the Company's subsidiary, TMCLS pursuant to the acquisition of BBWF. The expiry date of warrants is 21 June 2019.

#### 30. Commitments

##### (a) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

|   | <b>Group</b>  |               |                  |
|---|---------------|---------------|------------------|
|   | <b>2018</b>   | <b>2017</b>   | <b>1 Jan</b>     |
|   | <b>\$'000</b> | <b>\$'000</b> | <b>2017</b>      |
|   |               |               | <b>\$'000</b>    |
|   |               |               | <b>Unaudited</b> |
| Capital commitment in respect of property and equipment | 110,187       | 17,282        | 14,792           |

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Notes to the financial statements  
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30. Commitments (cont'd)

(b) *Operating lease commitments - as lessee*

The Group entered into commercial leases relating to the rental of medical clinics, warehouse, office premises and equipment. These leases have an average tenure of between three and six years.

Minimum lease payments recognised as an expense in profit or loss at the end of the reporting period amounted to \$6,052,000 (2017: \$5,031,000).

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

|   | <b>2018</b>   | <b>Group</b>     |               |
|---|---------------|------------------|---------------|
|   | <b>2017</b>   | <b>2017</b>      | <b>1 Jan</b>  |
|   | <b>\$'000</b> | <b>\$'000</b>    | <b>2017</b>   |
|   |               | <b>Unaudited</b> |               |
|   |               |                  | <b>\$'000</b> |
| Not later than one year                           | 5,154         | 9,188            | 9,961         |
| Later than one year but not later than five years | 4,901         | 18,596           | 5,140         |
| More than five years                              | –             | 15,396           | 3,869         |
|   | <u>10,055</u> | <u>43,180</u>    | <u>18,970</u> |

(c) *Operating lease commitments - as lessor*

The Group entered into commercial property leases relating to clinic premises. These non-cancellable leases have remaining lease terms of between one and three years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

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

|   | <b>2018</b>   | <b>Group</b>     |               |
|---|---------------|------------------|---------------|
|   | <b>2017</b>   | <b>2017</b>      | <b>1 Jan</b>  |
|   | <b>\$'000</b> | <b>\$'000</b>    | <b>2017</b>   |
|   |               | <b>Unaudited</b> |               |
|   |               |                  | <b>\$'000</b> |
| Not later than one year                           | 1,822         | 1,317            | 1,750         |
| Later than one year but not later than five years | 2,092         | 847              | 1,154         |
|   | <u>3,914</u>  | <u>2,164</u>     | <u>2,904</u>  |

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Notes to the financial statements  
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30. Commitments (cont'd)

(d) *Finance lease commitments*

The Group has finance leases for certain items of motor vehicles (Note 13).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

|  | 2018                                  |   | Group<br>2017                         |   | 1 Jan 2017                            |   |
|--|---------------------------------------|---|---------------------------------------|---|---------------------------------------|---|
|  | Minimum<br>lease<br>payment<br>\$'000 | Present<br>value of<br>payments<br>\$'000 | Minimum<br>lease<br>payment<br>\$'000 | Present<br>value of<br>payments<br>\$'000 | Minimum<br>lease<br>payment<br>\$'000 | Present<br>value of<br>payments<br>\$'000 |
|  |                                       |   | Unaudited                             |   | Unaudited                             |   |
| Not later than<br>one year                                 | 9                                     | 8   | 8                                     | 7   | 8                                     | 7   |
| Later than one<br>year but not<br>later than five<br>years | 1                                     | 1   | 9                                     | 9   | 17                                    | 16  |
| Total minimum<br>lease payments                            | 10                                    | 9   | 17                                    | 16  | 25                                    | 23  |
| Less: Amounts<br>representing<br>finance charges           | (1)                                   | -   | (1)                                   | -   | (2)                                   | -   |
| Present value of<br>minimum lease<br>payments              | 9                                     | 9   | 16                                    | 16  | 23                                    | 23  |

31. Contingent liabilities

A claim was made in September 2007 involving a patient who passed away during childbirth in one of the Group's hospitals and the child was delivered with certain medical conditions. The claim was filed by the deceased's family against the deceased's obstetrician, with the subsidiary, as the second defendant. The Group has filed its defence refuting the claim. The claimants have not yet quantified their claims. As at the date of this report, the case is ongoing and except as disclosed above, the directors are not aware of further action being taken against the Group by any party in relation to this matter. The claim is not expected to have a material impact on the Group's financial statements.



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For the financial year ended 31 December 2018

32. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can assess at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are 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.

(b) *Assets and liabilities measured at fair value*

As at 31 December 2018, assets and liabilities measured at fair value have been included in the statement of financial position in the "Assets of disposal group classified as held for distribution" and "Liabilities directly associated with disposal group classified as held for distribution" line items respectively.

The following tables show an analysis of the assets and liabilities measured at fair value as at 31 December 2017 and 1 January 2017:

|  | Level 1      | Level 2  | Level 3         | Total           |
|--|--------------|----------|-----------------|-----------------|
|  | \$'000       | \$'000   | \$'000          | \$'000          |
| <b>Unaudited<br/>2017</b>                                |              |          |                 |                 |
| <b>Financial assets:</b>                                 |              |          |                 |                 |
| <u>Available-for-sale financial<br/>assets (Note 18)</u> |              |          |                 |                 |
| Equity instruments (quoted)                              | 1,940        | –        | –               | 1,940           |
| <b>Financial assets as at<br/>31 December 2017</b>       | <b>1,940</b> | <b>–</b> | <b>–</b>        | <b>1,940</b>    |
| <b>Financial liabilities:</b>                            |              |          |                 |                 |
| Purchase consideration<br>payable (Note 26)              | –            | –        | (13,642)        | (13,642)        |
| <b>Financial liabilities as at<br/>31 December 2017</b>  | <b>–</b>     | <b>–</b> | <b>(13,642)</b> | <b>(13,642)</b> |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2018

32. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

|                                     | Level 1 | Level 2 | Level 3  | Total    |
|-------------------------------------|---------|---------|----------|----------|
|                                     | \$'000  | \$'000  | \$'000   | \$'000   |
| <b>Unaudited</b>                    |         |         |          |          |
| <b>1 Jan 2017</b>                   |         |         |          |          |
| <b>Financial assets:</b>            |         |         |          |          |
| <u>Available-for-sale financial</u> |         |         |          |          |
| <u>assets (Note 18)</u>             |         |         |          |          |
| Equity instruments (quoted)         | 2,041   | –       | –        | 2,041    |
| <b>Financial assets as at</b>       |         |         |          |          |
| <b>1 January 2017</b>               | 2,041   | –       | –        | 2,041    |
| <b>Financial liabilities:</b>       |         |         |          |          |
| Purchase consideration              |         |         |          |          |
| payable (Note 26)                   | –       | –       | (11,513) | (11,513) |
| <b>Financial liabilities as at</b>  |         |         |          |          |
| <b>1 January 2017</b>               | –       | –       | (11,513) | (11,513) |

32. Fair value of assets and liabilities (cont'd)

(c) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

| Description                              | Fair value at 31 Dec | Valuation techniques   | Significant unobservable inputs  | Range (weighted average) |
|--|----------------------|--|--|--------------------------|
|  | \$'000               |  |  |                          |
| <b>Unaudited 2017</b>                    |                      |  |  |                          |
| <b>Recurring fair value measurements</b> |                      |  |  |                          |
| Purchase consideration payable           | (13,642)             | Probability of subsidiaries meeting the specified earn-out targets and the share price of the Company on the date the earn-out targets are met | Closing share price<br>Actual revenue<br>Actual net operating profit after tax | \$0.129                  |
| <b>Unaudited 1 January 2017</b>          |                      |  |  |                          |
| <b>Recurring fair value measurements</b> |                      |  |  |                          |
| Purchase consideration payable           | (11,513)             | Probability of subsidiaries meeting the specified earn-out targets and the share price of the Company on the date the earn-out targets are met | Closing share price<br>Actual revenue<br>Actual net operating profit after tax | \$0.123                  |

For purchase consideration payable, a significant increase/(decrease) in the share price would result in a significant higher/(lower) fair value measurement.

32. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

| Description                    | Carrying amount | Effect of reasonably possible alternative assumptions on profit or loss |
|--------------------------------|-----------------|---|
| <b>Unaudited 2017</b>          | \$'000          | \$'000  |
| Purchase consideration payable | (13,642)        | (84)  |

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the share price by increasing and decreasing the assumptions by 1%.

(ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for purchase consideration payable measured at fair value based on significant unobservable inputs (Level 3):

|   | Purchase consideration payable |
|---|--------------------------------|
|   | \$'000                         |
| <b>Group</b>  |                                |
| <b>2017</b>   |                                |
| Opening balance                                     | (11,513)                       |
| Arising from acquisition of subsidiaries            | (17,000)                       |
| Settlement of purchase consideration payable        | 6,360                          |
| Total unrealised gains recognised in profit or loss | 8,511                          |
| Closing balance                                     | (13,642)                       |

32. Fair value of assets and liabilities (cont'd)

(c) *Level 3 fair value measurements (cont'd)*

(iii) *Valuation policies and procedures*

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information is reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) *Assets and liabilities not measured at fair value, for which fair value is disclosed*

|  | Level 1 | Level 2 | Level 3 | Fair value<br>Total | Carrying<br>amount |
|--|---------|---------|---------|---------------------|--------------------|
|  | \$'000  | \$'000  | \$'000  | \$'000              | \$'000             |
| <b>2018</b>  |         |         |         |                     |                    |
| <b>Assets</b>                                      |         |         |         |                     |                    |
| Investment property                                | –       | –       | 150,606 | 150,606             | 150,606            |
| Disposal group classified as held for distribution | –       | –       | 155,973 | 155,973             | 152,803            |
| <b>Liabilities</b>                                 |         |         |         |                     |                    |
| Obligations under finance leases                   | –       | –       | 9       | 9                   | 10                 |
| <b>Unaudited<br/>2017</b>                          |         |         |         |                     |                    |
| <b>Assets</b>                                      |         |         |         |                     |                    |
| Investment property                                | –       | –       | 151,612 | 151,612             | 151,612            |
| <b>Liabilities</b>                                 |         |         |         |                     |                    |
| Obligations under finance leases                   | –       | –       | 16      | 16                  | 17                 |

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32. Fair value of assets and liabilities (cont'd)

(d) *Assets and liabilities not measured at fair value, for which fair value is disclosed (cont'd)*

|                                     | Level 1 | Level 2 | Level 3 | Fair value<br>Total | Carrying<br>amount |
|-------------------------------------|---------|---------|---------|---------------------|--------------------|
|                                     | \$'000  | \$'000  | \$'000  | \$'000              | \$'000             |
| <b>Unaudited<br/>1 January 2017</b> |         |         |         |                     |                    |
| <b>Assets</b>                       |         |         |         |                     |                    |
| Investment property                 | –       | –       | 148,444 | 148,444             | 148,444            |
| <b>Liabilities</b>                  |         |         |         |                     |                    |
| Obligations under finance leases    | –       | –       | 23      | 23                  | 25                 |

The fair value of investment property as at 31 December 2018 is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. The valuation is determined by an independent professional valuer, using the Direct Comparison Method. The Direct Comparison Method involves the analysis and study of recent sales evidence of similar properties in comparable developments in the subject/comparable vicinities.

There was no write-down of the disposal group classified as held for distribution to its fair value as the fair value of the disposal group approximates the cost of the disposal group. The fair value measurement of the disposal group was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

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

| Valuation technique   | Significant unobservable inputs  | Inter-relationship between significant unobservable inputs and fair value measurement                        |
|---|--|--|
| Direct Comparison Method: The Direct Comparison approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties | Price per square foot: MYR896 (31 December 2017: MYR900, 1 January 2017: MYR900) | Significant increases in price per square foot would result in a significantly higher fair value measurement |

**33. Financial risk management objectives and policies**

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The directors review and agree on policies and procedures for the management of each of these risks. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) **Credit risk**

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy that all customers who wish to obtain services on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 150 to 180 days when they fall due, which are derived based on the Group's historical information.

To assess the risk of a default occurring on the asset, the Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Significant changes in the expected behaviour of the debtor, including changes in payment status; and
- Projected industry default rates.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payments.

The Group determined that its financial assets are credit-impaired when the debtor fails to make contractual payments more than 150 to 180 days past due.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 150 to 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity where applicable to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.



33. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

*Trade receivables*

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision also incorporates forward looking information such as the projected industry default rates over the next year.

Summarised below is the information about the credit risk exposure on the Group's trade receivables:

|                          | <b>&lt; 30 days<br/>past due<br/>\$'000</b> | <b>&gt; 30 days<br/>past due<br/>\$'000</b> | <b>&gt; 60 days<br/>past due<br/>\$'000</b> | <b>&gt; 90 days<br/>past due<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--------------------------|---|---|---|---|-------------------------|
| <b>2018</b>              |   |   |   |   |                         |
| Gross carrying amount    | 3,543                                       | 879   | 467   | 3,490                                       | 8,379                   |
| Loss allowance provision | –   | –   | –   | 1,670                                       | 1,670                   |

Information regarding loss allowance movement of trade receivables are disclosed in Note 21.

During the financial year, the Group wrote-off \$114,000 of trade receivables as the Group does not expect to receive future cash flows.

*Exposure to credit risk*

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

*Credit risk concentration profile*

There is no significant credit risk concentration in respect of the Group's Real Estate Business and Healthcare Business in Singapore. In respect of the Group's Healthcare Business in Malaysia, credit concentration risk arose from eight (31 December 2017: eight, 1 January 2017: six) debtors which represents 31% (31 December 2017, 12%, 1 January 2017: 8%) of the Group's gross trade receivables as at the end of the reporting period.

33. Financial risk management objectives and policies (cont'd)

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

*Financial assets that are neither past due nor impaired*

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

*Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(b) **Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

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

*Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

|   | 1 year or<br>less | Over 1 year | Total     |
|---|-------------------|-------------|-----------|
|   | \$'000            | \$'000      | \$'000    |
| <b>Group<br/>2018</b>                                 |                   |             |           |
| <b>Financial assets</b>                               |                   |             |           |
| Trade and other receivables                           | 21,536            | –           | 21,536    |
| Cash and short-term deposits                          | 121,745           | –           | 121,745   |
| Total undiscounted financial assets                   | 143,281           | –           | 143,281   |
| <b>Financial liabilities</b>                          |                   |             |           |
| Trade and other payables                              | 38,088            | –           | 38,088    |
| Amount due to the ultimate controlling<br>shareholder | 9,811             | –           | 9,811     |
| Interest-bearing loans and borrowings                 | 256,178           | 358,504     | 614,682   |
| Total undiscounted financial liabilities              | 304,077           | 358,504     | 662,581   |
| Total net undiscounted financial liabilities          | (160,796)         | (358,504)   | (519,300) |

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33. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

| Group   | 1 year or<br>less<br>\$'000 | Over 1 year<br>\$'000 | Total<br>\$'000 |
|---|-----------------------------|-----------------------|-----------------|
| <b>Unaudited<br/>2017</b>                             |                             |                       |                 |
| <b>Financial assets</b>                               |                             |                       |                 |
| Trade and other receivables                           | 53,087                      | –                     | 53,087          |
| Cash and short-term deposits                          | 140,991                     | –                     | 140,991         |
| Total undiscounted financial assets                   | 194,078                     | –                     | 194,078         |
| <b>Financial liabilities</b>                          |                             |                       |                 |
| Trade and other payables                              | 67,853                      | –                     | 67,853          |
| Amount due to the ultimate controlling<br>shareholder | 437,391                     | –                     | 437,391         |
| Purchase consideration payable                        | 800                         | 12,842                | 13,642          |
| Interest-bearing loans and borrowings                 | 105,543                     | 125,598               | 231,141         |
| Total undiscounted financial liabilities              | 611,587                     | 138,440               | 750,027         |
| Total net undiscounted financial liabilities          | (417,509)                   | (138,440)             | (555,949)       |
| <b>Unaudited<br/>1 Jan 2017</b>                       |                             |                       |                 |
| <b>Financial assets</b>                               |                             |                       |                 |
| Trade and other receivables                           | 53,573                      | –                     | 53,573          |
| Cash and short-term deposits                          | 148,462                     | –                     | 148,462         |
| Total undiscounted financial assets                   | 202,035                     | –                     | 202,035         |
| <b>Financial liabilities</b>                          |                             |                       |                 |
| Trade and other payables                              | 58,806                      | –                     | 58,806          |
| Amount due to the ultimate controlling<br>shareholder | 467,142                     | –                     | 467,142         |
| Purchase consideration payable                        | –                           | 11,513                | 11,513          |
| Interest-bearing loans and borrowings                 | 109,688                     | 125,253               | 234,941         |
| Total undiscounted financial liabilities              | 635,636                     | 136,766               | 772,402         |
| Total net undiscounted financial liabilities          | (433,601)                   | (136,766)             | (570,367)       |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

33. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

|   | 1 year or<br>less | Over 1 year | Total    |
|---|-------------------|-------------|----------|
|   | \$'000            | \$'000      | \$'000   |
| <b>Company</b>  |                   |             |          |
| <b>2018</b>   |                   |             |          |
| <b>Financial assets</b>                               |                   |             |          |
| Trade and other receivables                           | 175,536           | –           | 175,536  |
| Cash and short-term deposits                          | 6,141             | –           | 6,141    |
| Total undiscounted financial assets                   | 181,677           | –           | 181,677  |
| <b>Financial liabilities</b>                          |                   |             |          |
| Trade and other payables                              | 1,839             | –           | 1,839    |
| Amount due to the ultimate controlling shareholder    | 9,811             | –           | 9,811    |
| Interest-bearing loans and borrowings                 | 133,919           | –           | 133,919  |
| Total undiscounted financial liabilities              | 145,569           | –           | 145,569  |
| Total net undiscounted financial assets               | 36,108            | –           | 36,108   |
| <b>Unaudited</b>                                      |                   |             |          |
| <b>2017</b>   |                   |             |          |
| <b>Financial assets</b>                               |                   |             |          |
| Trade and other receivables                           | 3,496             | –           | 3,496    |
| Cash and short-term deposits                          | 5,881             | –           | 5,881    |
| Total undiscounted financial assets                   | 9,377             | –           | 9,377    |
| <b>Financial liabilities</b>                          |                   |             |          |
| Trade and other payables                              | 5,707             | –           | 5,707    |
| Interest-bearing loans and borrowings                 | 101,478           | –           | 101,478  |
| Total undiscounted financial liabilities              | 107,185           | –           | 107,185  |
| Total net undiscounted financial liabilities          | (97,808)          | –           | (97,808) |
| <b>Unaudited</b>                                      |                   |             |          |
| <b>1 Jan 2017</b>                                     |                   |             |          |
| <b>Financial assets</b>                               |                   |             |          |
| Trade and other receivables                           | 9,703             | –           | 9,703    |
| Cash and short-term deposits                          | 6,444             | –           | 6,444    |
| Total undiscounted financial assets                   | 16,147            | –           | 16,147   |
| <b>Financial liabilities</b>                          |                   |             |          |
| Trade and other payables                              | 2,563             | –           | 2,563    |
| Interest-bearing loans and borrowings                 | 5,948             | 101,532     | 107,480  |
| Total undiscounted financial liabilities              | 8,511             | 101,532     | 110,043  |
| Total net undiscounted financial assets/(liabilities) | 7,636             | (101,532)   | (93,896) |

33. Financial risk management objectives and policies (cont'd)

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from its interest-bearing loans and borrowings.

*Sensitivity analysis for interest rate risk*

At the end of the reporting period, if interest rates had been 100 (2017: 100) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been \$5,802,000 (2017: \$2,002,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(d) *Foreign currency risk*

The Group incurs foreign currency risk mainly on sales, purchases, receivables and payables that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies in which these transactions are denominated are mainly Malaysian Ringgit (MYR), Renminbi (RMB) and Emirates Dirham (AED).

The Group also holds cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in MYR.

There is no formal hedging policy with respect to foreign exchange exposures. Exposures to currency risk are monitored on an ongoing basis and the Group endeavours to keep the net exposures at an acceptable level.

*Sensitivity analysis for foreign currency risk*

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change i.e. 10% strengthening of the foreign currency exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

|              | Profit/(loss) before tax |        |
|--------------|--------------------------|--------|
|              | 2018                     | 2017   |
|              | \$'000                   | \$'000 |
|              | Unaudited                |        |
| <b>Group</b> |                          |        |
| MYR/SGD      | 206                      | 264    |
| RMB/SGD      | 309                      | 418    |
| AED/SGD      | 194                      | 321    |

A 10% weakening of foreign currencies against the respective functional currencies of the Group entities would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**34. Capital management**

The Group manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors vis-à-vis the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 2018.

The Group calculates the level of debt capital required to finance the working capital requirements using leverage/gearing ratio.

At the end of the reporting period, leverage ratios are as follows:

|                      | <b>2018</b> | <b>2017</b> |
|----------------------|-------------|-------------|
| Gross debt to equity | 0.82 times  | 1.06 times  |
| Net debt to equity   | 0.65 times  | 0.83 times  |

The Group assesses the level of debt capital used to finance capital investment in respect of the projected risk and returns of these investments using a number of traditional and modified investment and analytical models including discounted cash flows. It also assesses the use of debt capital to fund such investments relative to the impact on the Group's overall debt capital position and capital structure.

In order to manage its capital structure, the Group may issue debt of either a fixed or floating nature, arrange credit facilities, issue medium-term notes, issue new shares or convertible bonds and adjust dividend payments.

**35. Segment information**

For management purposes, the Group is organised into business units based on their products and services, and has four reportable segments as follows:

(a) Hospital operations and ancillary services

Hospital operations and ancillary services comprise the provision of integrated medical healthcare facilities and services for primary, secondary and tertiary healthcare with focus on the areas of obstetrics and gynaecology and paediatric services, diagnostic imaging services, pharmacy, 24-hour outpatient services, laboratory and services provided by outpatient clinics at the hospital.

(b) Specialised and other services

The specialised and other services segment includes services provided by the fertility clinics, paediatric centres, cancer centre, cardiology centre, Chinese medicine, specialist skin centre and a pre-natal and clinical diagnostic laboratory. It also includes a consumer business segment, comprising products and services.

(c) Investments

The holding of investments in equity instruments, investment properties and investment holding company.

(d) Real Estate Business

Real Estate Business comprises the provision of architectural, engineering and town-planning services, hotel operation and management, property development and investment. This segment has been classified as a discontinued operation during the financial year.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.



Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

35. Segment information (cont'd)

|   | Hospital operations and ancillary services \$'000 | Specialised services and other \$'000 | Investment holdings \$'000 | Real estate business (Discontinued operation) \$'000 | Elimination \$'000 | Note | Consolidated \$'000 |
|---|---|---------------------------------------|----------------------------|--|--------------------|------|---------------------|
| <b>2018</b>                             |   |                                       |                            |  |                    |      |                     |
| <b>Revenue:</b>                         |   |                                       |                            |  |                    |      |                     |
| External customers                      | 134,073   | 81,396                                | 141                        | 95,960   | (95,960)           | A    | 215,610             |
| Infer-segment revenue                   | 19  | 2,356                                 | 26                         | -  | (2,401)            | B    | -                   |
| Total revenue                           | 134,092   | 83,752                                | 167                        | 95,960   | (98,361)           |      | 215,610             |
| <b>Results:</b>                         |   |                                       |                            |  |                    |      |                     |
| Finance income                          | 314   | 220                                   | 2,497                      | 96   | (96)               | A    | 3,031               |
| Finance costs                           | 1   | 29                                    | 18,143                     | 777  | (777)              | A    | 18,173              |
| Depreciation and amortisation           | 9,467   | 1,626                                 | 435                        | 5,970  | (5,970)            | A    | 11,528              |
| Impairment loss on non-financial assets | -   | -                                     | 1,984                      | 8,267  | (8,267)            | A    | 1,984               |
| Share of result of associates           | -   | -                                     | -                          | 1,002  | (1,002)            | A    | -                   |
| Segment profit/(loss) before tax        | 33,761  | 9,952                                 | (21,672)                   | (10,220)   | 10,220             | A    | 22,041              |
| <b>Assets:</b>                          |   |                                       |                            |  |                    |      |                     |
| Investment in associates                | -   | -                                     | -                          | 24,916   | (24,916)           | A    | -                   |
| Additions to non-current assets         | 18,770  | 1,760                                 | 407                        | 6,013  | -                  | C    | 26,950              |
| Segment assets                          | 880,619   | 29,325                                | 368,698                    | 210,406  | 18                 | B    | 1,489,066           |
| <b>Segment liabilities</b>              | 40,701  | 16,248                                | 590,381                    | 57,603   | -                  |      | 704,933             |

Homson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

35. Segment information (cont'd)

|   | Hospital operations and ancillary services \$'000 | Specialised services and other \$'000 | Investment holdings \$'000 | Real estate business (Discontinued operation) \$'000 | Elimination \$'000 | Note | Consolidated \$'000 |
|---|---|---------------------------------------|----------------------------|--|--------------------|------|---------------------|
| <b>Unaudited 2017</b>                   |   |                                       |                            |  |                    |      |                     |
| <b>Revenue:</b>                         |   |                                       |                            |  |                    |      |                     |
| External customers                      | 128,874   | 71,623                                | 82                         | 93,454   | (93,454)           | A    | 200,579             |
| Inter-segment revenue                   | 24  | 2,128                                 | 24                         | 321  | (2,497)            | B    | —                   |
| <b>Total revenue</b>                    | <b>128,898</b>                                    | <b>73,751</b>                         | <b>106</b>                 | <b>93,775</b>  | <b>(95,951)</b>    |      | <b>200,579</b>      |
| <b>Results:</b>                         |   |                                       |                            |  |                    |      |                     |
| Finance income                          | 219   | 187                                   | 2,285                      | 90   | (90)               | A    | 2,691               |
| Finance costs                           | 1   | 28                                    | 9,861                      | 571  | (571)              | A    | 9,890               |
| Depreciation and amortisation           | 8,660   | 1,291                                 | 428                        | 8,445  | (8,445)            | A    | 10,379              |
| Impairment loss on non-financial assets | —   | —                                     | —                          | 34,343   | (34,343)           | A    | —                   |
| Share of result of associates           | —   | —                                     | —                          | 2,252  | (2,252)            | A    | —                   |
| Segment profit/(loss) before tax        | 37,510  | 8,992                                 | (19,047)                   | (39,927)   | 39,927             | A    | 27,455              |
| <b>Assets:</b>                          |   |                                       |                            |  |                    |      |                     |
| Investment in associates                | —   | —                                     | —                          | 27,321   | —                  |      | 27,321              |
| Additions to non-current assets         | 8,709   | 2,020                                 | 19                         | 14,139   | 44                 | C    | 24,931              |
| Segment assets                          | 860,506   | 27,507                                | 386,451                    | 234,396  | 17                 | B    | 1,508,877           |
| <b>Segment liabilities</b>              | <b>38,556</b>                                     | <b>15,771</b>                         | <b>643,698</b>             | <b>74,089</b>  | <b>—</b>           |      | <b>772,114</b>      |

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

35. Segment information (cont'd)

|                             | Hospital operations and ancillary services \$'000 | Specialised services and other \$'000 | Investment holdings \$'000 | Real estate business (Discontinued operation) \$'000 | Elimination \$'000 | Note | Consolidated \$'000 |
|-----------------------------|---|---------------------------------------|----------------------------|--|--------------------|------|---------------------|
| <b>Unaudited 1 Jan 2017</b> |   |                                       |                            |  |                    |      |                     |
| <b>Assets:</b>              |   |                                       |                            |  |                    |      |                     |
| Investment in associates    | —   | —                                     | —                          | 26,866   | —                  |      | 26,866              |
| Segment assets              | 847,525   | 28,005                                | 376,997                    | 267,616  | 1                  | B    | 1,520,144           |
| <b>Segment liabilities</b>  | 37,058  | 17,036                                | 669,793                    | 58,493   | —                  |      | 782,380             |

Notes

- A The amounts relating to the real estate segment has been excluded to arrive at amounts shown in profit or loss as they presented separately in the statement of comprehensive income within one line item, "Loss from discontinued operation, net of tax".
- B Inter-segment revenues are eliminated on consolidation.
- C Additions to non-current assets consist of additions to property and equipment, intangible assets and investment property.

Thomson Medical Group Limited and its Subsidiaries

Notes to the financial statements  
For the financial year ended 31 December 2018

35. Segment information (cont'd)

*Geographical information*

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

|                        | Revenue   |          | Non-current assets |           |            |
|------------------------|-----------|----------|--------------------|-----------|------------|
|                        | 2018      | 2017     | 2018               | 2017      | 1 Jan 2017 |
|                        | \$'000    | \$'000   | \$'000             | \$'000    | \$'000     |
|                        | Unaudited |          | Unaudited          |           |            |
| Singapore              | 196,536   | 188,148  | 664,639            | 674,380   | 706,887    |
| Malaysia               | 61,221    | 52,540   | 394,023            | 386,248   | 375,805    |
| United Kingdom         | 16,084    | 17,396   | 38,088             | 66,197    | 49,180     |
| China                  | 13,726    | 10,414   | 286                | 289       | 362        |
| Middle East            | 20,681    | 19,105   | 120                | 197       | 334        |
| Others                 | 3,322     | 6,857    | 71                 | 53        | 45         |
| Discontinued operation | (95,960)  | (93,881) | (111,707)          | –         | –          |
|                        | 215,610   | 200,579  | 985,520            | 1,127,364 | 1,132,613  |

Non-current assets information presented above consist of property and equipment, intangible assets, investment property and investment in associates as presented in the consolidated statement of financial position.

36. Dividends

|  | Group and Company |        |
|--|-------------------|--------|
|  | 2018              | 2017   |
|  | \$'000            | \$'000 |
|  | Unaudited         |        |
| <b><i>Proposed but not recognised as a liability as at 31 December:</i></b>        |                   |        |
| <i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i> |                   |        |
| - Final exempt (one-tier) dividend for 2018: 0.025 cents (2017: Nil) per share     | 6,518             | –      |

37. Events occurring after the reporting period

On 31 January 2019, the Company completed the distribution of all its shares in its wholly-owned subsidiary, RSP Holdings Pte Ltd (RSPH) by way of capital reduction amounting to \$155,973,000, which has been classified as discontinued operation as at 31 December 2018. On the same date, the Company completed its further capital reduction to write-off the accumulated losses amounting to \$281,194,000.

On 1 March 2019, a subsidiary of the Group, secured a Term Loan Facility of up to MYR300,000,000 with Malayan Banking Berhad. The purpose of the facility is to partially finance the construction of hospital-related expansions undertaken by the subsidiary.

**38. Comparative figures**

*Unaudited comparative figures*

The financial statements of the Group for the financial year ended 31 December 2018 have been prepared based on the pooling of interest method as described in Note 2.4(c) as a result of the very substantial acquisition of Sasteria. Accordingly, the comparatives are unaudited, and have been restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements.

**39. Authorisation of financial statements for issue**

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 29 March 2019.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THOMSON  
MEDICAL GROUP LIMITED AND ITS SUBSIDIARIES FOR  
THE FIRST QUARTER ENDED 31 MARCH 2019**

*The information in this Appendix III has been reproduced from the announcement on 13 May 2019 of the unaudited financial statements of Thomson Medical Group Limited and its subsidiaries for the quarter ended 31 March 2019 and has not been specifically prepared for inclusion in this Information Memorandum.*

**THOMSON MEDICAL GROUP LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No: 199908381D)

(the "Company")

**Unaudited 1st Quarter Financial Statement Announcement For The Financial Period Ended 31 March 2019**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS**

**1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**1 (a)(i) CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**

|  | Group                      |               |             |
|--|----------------------------|---------------|-------------|
|  | 1st quarter ended 31 March |               |             |
|  | 2019                       | 2018          | Change      |
|  | \$'000                     | \$'000        | %           |
| <b>Healthcare - Continuing operations</b>                              |                            |               |             |
| Revenue  | 54,518                     | 52,523        | 4           |
| Other income   | 1,406                      | 1,735         | (19)        |
| Inventories and consumables  | (11,141)                   | (10,693)      | 4           |
| Staff costs  | (16,395)                   | (15,858)      | 3           |
| Depreciation and amortisation  | (4,039)                    | (2,799)       | 44          |
| Other operating expenses   | (14,991)                   | (16,821)      | (11)        |
| <b>Results from operating activities</b>                               | <b>9,358</b>               | <b>8,087</b>  | <b>16</b>   |
| Finance income   | 713                        | 758           | (6)         |
| Finance costs  | (6,135)                    | (2,551)       | NM          |
| Net finance costs  | (5,422)                    | (1,793)       | NM          |
| <b>Profit before tax from continuing operations</b>                    | <b>3,936</b>               | <b>6,294</b>  | <b>(37)</b> |
| Income tax expense   | (1,921)                    | (1,986)       | (3)         |
| <b>Profit from continuing operations, net of tax</b>                   | <b>2,015</b>               | <b>4,308</b>  | <b>(53)</b> |
| <b>Real Estate - Discontinued operation</b>                            |                            |               |             |
| Loss from discontinued operation, net of tax                           | (2,260)                    | (3,474)       | (35)        |
| <b>Profit for the period</b>   | <b>(245)</b>               | <b>834</b>    | <b>NM</b>   |
| <b>Attributable to:</b>  |                            |               |             |
| <b>Owners of the Company</b>   |                            |               |             |
| Profit from continuing operations, net of tax                          | 1,192                      | 3,270         | (64)        |
| Loss from discontinued operation, net of tax                           | (2,205)                    | (3,181)       | (31)        |
| <b>Profit for the period attributable to owners of the company</b>     | <b>(1,013)</b>             | <b>89</b>     | <b>NM</b>   |
| <b>Non-controlling interests</b>                                       |                            |               |             |
| Profit from continuing operations, net of tax                          | 823                        | 1,038         | (21)        |
| Loss from discontinued operation, net of tax                           | (55)                       | (293)         | (81)        |
| <b>Profit for the period attributable to non-controlling interests</b> | <b>768</b>                 | <b>745</b>    | <b>3</b>    |
| <b>Healthcare - Continuing operations</b>                              |                            |               |             |
| <b>EBITDA</b>  | <b>13,397</b>              | <b>10,886</b> | <b>23</b>   |
| <b>Adjusted EBITDA<sup>1</sup></b>                                     | <b>13,397</b>              | <b>11,751</b> | <b>14</b>   |

NM – Not meaningful

<sup>1</sup> Adjusted for one-off transactions and non-recurring costs



1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1 (a)(ii) OTHER INFORMATION - HEALTHCARE - CONTINUING OPERATIONS

|  | Group                      |                |             |
|--|----------------------------|----------------|-------------|
|  | 1st quarter ended 31 March |                |             |
|  | 2019<br>\$'000             | 2018<br>\$'000 | Change<br>% |
| <b>Other expenses</b>                                    |                            |                |             |
| Rental expenses  | (24)                       | (1,477)        | (98)        |
| Transaction costs on corporate exercise                  | -                          | (880)          | NM          |
| Loss on disposal of property and equipment               | (2)                        | (6)            | (67)        |
| Allowance for expected credit losses on trade debts, net | (50)                       | (47)           | 6           |

1 (a)(iii) STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

|   | Group                      |                |             |
|---|----------------------------|----------------|-------------|
|   | 1st quarter ended 31 March |                |             |
|   | 2019<br>\$'000             | 2018<br>\$'000 | Change<br>% |
| <b>Profit for the period</b>  | <b>(245)</b>               | <b>834</b>     | <b>NM</b>   |
| <b>Other comprehensive income:</b>  |                            |                |             |
| <b>Items that will not be reclassified to profit or loss</b>                                    |                            |                |             |
| Net change in fair value of equity instruments at fair value through other comprehensive income | 62                         | (805)          | NM          |
|   | 62                         | (805)          | NM          |
| <b>Items that may be reclassified subsequently to profit or loss</b>                            |                            |                |             |
| Foreign currency translation  | 3,970                      | 18,851         | (79)        |
|   | 3,970                      | 18,851         | (79)        |
| <b>Other comprehensive income for the period, net of tax</b>                                    | <b>4,032</b>               | <b>18,046</b>  | <b>(78)</b> |
| <b>Total comprehensive income for the period</b>  | <b>3,787</b>               | <b>18,880</b>  | <b>(80)</b> |
| <b>Attributable to:</b>   |                            |                |             |
| Owners of the Company   | 2,260                      | 14,678         | (85)        |
| Non-controlling interests   | 1,527                      | 4,202          | (64)        |
| <b>Total comprehensive income for the period</b>  | <b>3,787</b>               | <b>18,880</b>  | <b>(80)</b> |
| <b>Attributable to:</b>   |                            |                |             |
| <b>Owners of the Company</b>  |                            |                |             |
| Total comprehensive income from continuing operations, net of tax                               | 4,465                      | 18,453         | (76)        |
| Total comprehensive income from discontinued operation, net of tax                              | (2,205)                    | (3,775)        | (42)        |
| <b>Total comprehensive income for the period attributable to owners of the Company</b>          | <b>2,260</b>               | <b>14,678</b>  | <b>(85)</b> |

NM – Not meaningful

1(b) (i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**STATEMENT OF FINANCIAL POSITION**

|  | Group                |                      | Company              |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | As at<br>31 Mar 2019 | As at<br>31 Dec 2018 | As at<br>31 Mar 2019 | As at<br>31 Dec 2018 |
|  | \$'000               | \$'000               | \$'000               | \$'000               |
| <b>ASSETS</b>  |                      |                      |                      |                      |
| <b>Non-current assets</b>  |                      |                      |                      |                      |
| Property and equipment   | 351,680              | 345,784              | 369                  | 399                  |
| Intangible assets  | 489,849              | 489,130              | -                    | -                    |
| Investment property  | 151,711              | 150,606              | -                    | -                    |
| Investment in subsidiaries   | -                    | -                    | 2,294,803            | 2,294,803            |
| Right-of-use assets  | 15,660               | -                    | 569                  | -                    |
|  | <u>1,008,900</u>     | <u>985,520</u>       | <u>2,295,741</u>     | <u>2,295,202</u>     |
| <b>Current assets</b>  |                      |                      |                      |                      |
| Development property   | 143,956              | 142,916              | -                    | -                    |
| Inventories  | 5,357                | 5,540                | -                    | -                    |
| Amounts due from subsidiaries (non-trade)  | -                    | -                    | 190,523              | 175,314              |
| Trade and other receivables  | 23,841               | 22,939               | 180                  | 529                  |
| Cash and short-term deposits   | 130,594              | 121,745              | 18,766               | 6,141                |
|  | <u>303,748</u>       | <u>293,140</u>       | <u>209,469</u>       | <u>181,984</u>       |
| Assets of disposal group classified<br>as held for distribution                            | -                    | 210,406              | -                    | 154,041              |
|  | <u>303,748</u>       | <u>503,546</u>       | <u>209,469</u>       | <u>336,025</u>       |
| <b>TOTAL ASSETS</b>  | <b>1,312,648</b>     | <b>1,489,066</b>     | <b>2,505,210</b>     | <b>2,631,227</b>     |
| <b>EQUITY AND LIABILITIES</b>  |                      |                      |                      |                      |
| <b>Current liabilities</b>   |                      |                      |                      |                      |
| Contract liabilities   | 3,000                | 3,410                | -                    | -                    |
| Trade and other payables   | 40,625               | 40,235               | 1,544                | 1,839                |
| Amounts due to the ultimate controlling shareholder  | 9,811                | 9,811                | 9,811                | 9,811                |
| Income tax payable   | 5,512                | 8,316                | -                    | -                    |
| Interest-bearing loans and borrowings  | 236,858              | 236,636              | 129,750              | 129,569              |
| Lease liabilities  | 5,318                | -                    | 569                  | -                    |
|  | <u>301,124</u>       | <u>298,408</u>       | <u>141,674</u>       | <u>141,219</u>       |
| Liabilities directly associated with<br>disposal group classified as held for distribution | -                    | 57,603               | -                    | -                    |
|  | <u>301,124</u>       | <u>356,011</u>       | <u>141,674</u>       | <u>141,219</u>       |
| <b>Net current assets</b>  | <b>2,624</b>         | <b>147,535</b>       | <b>67,795</b>        | <b>194,806</b>       |
| <b>Non-current liabilities</b>   |                      |                      |                      |                      |
| Deferred tax liabilities   | 7,321                | 6,960                | -                    | -                    |
| Interest-bearing loans and borrowings  | 341,807              | 341,665              | -                    | -                    |
| Lease liabilities  | 10,342               | -                    | -                    | -                    |
| Provisions   | 297                  | 297                  | -                    | -                    |
|  | <u>359,767</u>       | <u>348,922</u>       | <u>-</u>             | <u>-</u>             |
| <b>TOTAL LIABILITIES</b>   | <b>660,891</b>       | <b>704,933</b>       | <b>141,674</b>       | <b>141,219</b>       |
| <b>NET ASSETS</b>  | <b>651,757</b>       | <b>784,133</b>       | <b>2,363,536</b>     | <b>2,490,008</b>     |
| <b>Equity attributable to owners of the Company</b>  |                      |                      |                      |                      |
| Share capital  | 2,349,800            | 2,772,209            | 2,349,800            | 2,772,209            |
| Retained earnings/ (accumulated losses)  | 173,394              | (97,499)             | 14,476               | (282,201)            |
| Other reserves   | (1,945,776)          | (1,959,396)          | (740)                | -                    |
| Reserve of disposal group classified<br>as held for distribution                           | -                    | (1,276)              | -                    | -                    |
|  | <u>577,418</u>       | <u>714,038</u>       | <u>2,363,536</u>     | <u>2,490,008</u>     |
| <b>Non-controlling interests</b>   | <b>74,339</b>        | <b>70,095</b>        | <b>-</b>             | <b>-</b>             |
| <b>TOTAL EQUITY</b>  | <b>651,757</b>       | <b>784,133</b>       | <b>2,363,536</b>     | <b>2,490,008</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>1,312,648</b>     | <b>1,489,066</b>     | <b>2,505,210</b>     | <b>2,631,227</b>     |

**1(b) (ii) Aggregate amount of the group's borrowings and debt securities.**

Group

Amount repayable in one year or less, or on demand:

|                                 | As at 31 March 2019 |           | As at 31 December 2018 |           |
|---------------------------------|---------------------|-----------|------------------------|-----------|
|                                 | Secured             | Unsecured | Secured                | Unsecured |
|                                 | \$'000              | \$'000    | \$'000                 | \$'000    |
| Bank Loans                      | 236,851             | -         | 236,628                | -         |
| Obligations under finance lease | 7                   | -         | 8                      | -         |

Amount repayable after one year:

|                                 | As at 31 March 2019 |           | As at 31 December 2018 |           |
|---------------------------------|---------------------|-----------|------------------------|-----------|
|                                 | Secured             | Unsecured | Secured                | Unsecured |
|                                 | \$'000              | \$'000    | \$'000                 | \$'000    |
| Bank Loans                      | 341,807             | -         | 341,664                | -         |
| Obligations under finance lease | - *                 | -         | 1                      | -         |

\*Less than \$1,000

**Details of Collateral**

The bank loans are secured by a charge over certain shares and warrants of the subsidiaries and corporate guarantees provided by the Company and a subsidiary of the Company.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

|  | Group                      |                |
|--|----------------------------|----------------|
|  | 1st quarter ended 31 March |                |
|  | 2019<br>\$'000             | 2018<br>\$'000 |
| <b>Operating activities</b>  |                            |                |
| Profit before tax from continued operations  | 3,936                      | 6,294          |
| Loss before tax from discontinued operation  | (2,225)                    | (3,197)        |
| Profit before tax, total   | 1,711                      | 3,097          |
| <u>Adjustments for:</u>  |                            |                |
| Allowance for expected credit losses on trade debts, net                                   | 50                         | 53             |
| Amortisation of intangible assets  | 159                        | 951            |
| Amortisation of upfront fees   | 367                        | 41             |
| Bad debts written off  | 1                          | -              |
| Depreciation of property and equipment and right-of-use assets                             | 4,208                      | 3,412          |
| Finance costs  | 5,768                      | 2,686          |
| Fair value changes on purchase consideration   | 25                         | (458)          |
| Interest income  | (713)                      | (764)          |
| Loss on disposal of property and equipment   | 2                          | 6              |
| Reversal of allowance for onerous contracts/foreseeable losses                             | -                          | (248)          |
| Share of results of associates   | 86                         | (700)          |
| Transaction costs on corporate exercise  | -                          | 865            |
| Employee share-based expenses  | 47                         | 61             |
| Unrealised gain on foreign exchange  | (19)                       | (51)           |
| <b>Operating cash flows before changes in working capital</b>                              | <b>11,692</b>              | <b>8,951</b>   |
| <u>Changes in working capital:</u>   |                            |                |
| Inventories  | 175                        | (415)          |
| Trade and other receivables and contract assets  | 4,454                      | 2,090          |
| Trade and other payables and contract liabilities  | (1,391)                    | (3,968)        |
| <b>Cash flows from operations</b>  | <b>14,930</b>              | <b>6,658</b>   |
| Interest received  | 713                        | 913            |
| Tax paid   | (4,871)                    | (3,969)        |
| <b>Net cash flows from operating activities</b>  | <b>10,772</b>              | <b>3,602</b>   |
| <b>Investing activities</b>  |                            |                |
| Additions to intangible assets   | (14)                       | (490)          |
| Additions to property and equipment  | (8,464)                    | (3,535)        |
| Dividend received from associate   | -                          | 722            |
| Expenditure on investment property   | (9)                        | (10)           |
| Net cash outflow on distribution of the Real Estate Business                               | (24,101)                   | -              |
| Payments made for acquisition expenses arising from acquisition of the Healthcare Business | -                          | (438)          |
| Proceeds from disposal of property and equipment   | -                          | 2              |
| <b>Net cash flows used in investing activities</b>   | <b>(32,588)</b>            | <b>(3,749)</b> |
| <b>Financing activities</b>  |                            |                |
| Changes in pledged deposits  | (14)                       | 2,325          |
| Dividends paid to non-controlling interests of subsidiaries                                | (493)                      | (470)          |
| Interest paid  | (5,613)                    | (4,568)        |
| Payment of lease liabilities   | (1,559)                    | -              |
| Proceeds from exercise of employee share options   | -                          | 29             |
| Proceeds from interest-bearing loans and borrowings  | -                          | 106,301        |
| Proceeds from exercise of bonus warrants   | 14,758                     | -              |
| Repayment of interest-bearing loans and borrowings   | (8)                        | (100,000)      |
| Repayment of shareholder loan  | -                          | (5,250)        |
| <b>Net cash flows generated from/ (used in) financing activities</b>                       | <b>7,071</b>               | <b>(1,633)</b> |
| Net decrease in cash and cash equivalents  | (14,745)                   | (1,780)        |
| Cash and cash equivalents at beginning of the period                                       | 138,911                    | 135,541        |
| Effect of exchange rate changes on cash and cash equivalents                               | (166)                      | 2,044          |
| <b>Cash and cash equivalents at end of period</b>  | <b>124,000</b>             | <b>135,805</b> |
| <b>Note:</b>   |                            |                |
| <u>Continuing operations</u>   |                            |                |
| Cash on hand and at banks  | 95,540                     | 91,163         |
| Short-term deposits  | 35,054                     | 32,097         |
| Cash and cash equivalents from continuing operations                                       | 130,594                    | 123,260        |
| <u>Discontinued operation</u>  |                            |                |
| Cash on hand and at banks  | -                          | 13,310         |
| Short-term deposits  | -                          | 2,359          |
| Cash and cash equivalents from discontinued operation                                      | -                          | 15,669         |
| Total cash and short-term deposits   | 130,594                    | 138,929        |
| Less: Pledged deposits   | (6,594)                    | (3,124)        |
| <b>Cash and cash equivalents at end of period</b>  | <b>124,000</b>             | <b>135,805</b> |

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

|  | Attributable to owners of the Company |   |                |                                      |                            |                 |                    |                   |                 |                     |   |         |                           |              |
|--|---------------------------------------|---|----------------|--------------------------------------|----------------------------|-----------------|--------------------|-------------------|-----------------|---------------------|---|---------|---------------------------|--------------|
|  | Share capital                         | Retained earnings/ (accumulated losses) | Merger reserve | Foreign currency translation reserve | Assets revaluation reserve | Warrant reserve | Fair value reserve | Statutory reserve | Capital reserve | Total Other reserve | Reserve of disposal group classified as held for distribution | Total   | Non-controlling interests | Total equity |
|  | \$'000                                | \$'000                                  | \$'000         | \$'000                               | \$'000                     | \$'000          | \$'000             | \$'000            | \$'000          | \$'000              | \$'000  | \$'000  | \$'000                    | \$'000       |
| <b>At 1 January 2019</b>   | 2,772,209                             | (97,498)                                | (1,842,369)    | (85,867)                             | -                          | 15,426          | -                  | (46,586)          | (1,959,396)     | (1,276)             | 714,038   | 70,095  | 784,133                   |              |
| Profit for the period  | -                                     | (1,013)                                 | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | (1,013)   | 768     | (245)                     |              |
| Other comprehensive income   | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | -   | -       | -                         |              |
| Foreign currency translation   | -                                     | -                                       | -              | 3,211                                | -                          | -               | -                  | -                 | 3,211           | -                   | -   | 3,211   | 759                       |              |
| Net change in fair value of equity instruments at  | -                                     | -                                       | -              | -                                    | -                          | -               | 62                 | -                 | 62              | -                   | -   | 62      | 62                        |              |
| Other comprehensive income   | -                                     | -                                       | -              | 3,211                                | -                          | -               | 62                 | -                 | 3,273           | -                   | -   | 3,273   | 759                       |              |
| Other comprehensive income for their period, net of tax                                    | -                                     | -                                       | -              | 3,211                                | -                          | -               | 62                 | -                 | 3,273           | -                   | -   | 3,273   | 759                       |              |
| <b>Total comprehensive income for the period</b>   | -                                     | (1,013)                                 | -              | 3,211                                | -                          | -               | 62                 | -                 | 3,273           | -                   | -   | 2,260   | 1,527                     |              |
| Contributions by and distributions to owners   | 14,758                                | -                                       | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | -   | 14,758  | -                         |              |
| Shares issued on conversion of warrants  | (155,973)                             | (9,288)                                 | -              | 10,089                               | -                          | -               | -                  | -                 | 10,089          | 1,534               | (153,638)   | 3,163   | (150,475)                 |              |
| Non-cash distribution to owners of the Company   | (281,194)                             | 281,194                                 | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | -   | -       | -                         |              |
| Capital reduction  | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | -   | -       | -                         |              |
| Grant of equity-settled share options to employees   | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | -   | 47      | 47                        |              |
| Dividends paid to non-controlling interests of a subsidiary                                | -                                     | -                                       | -              | -                                    | -                          | -               | (493)              | -                 | (493)           | -                   | -   | (493)   | (493)                     |              |
| <b>Total contributions by and distributions to owners</b>                                  | (422,409)                             | 271,906                                 | -              | 10,089                               | -                          | -               | -                  | -                 | 10,089          | 1,534               | (138,860)   | 2,717   | (136,163)                 |              |
| <b>Total transactions with owners, recorded directly in equity</b>                         | (422,409)                             | 271,906                                 | -              | 10,089                               | -                          | -               | -                  | -                 | 10,089          | 1,534               | (138,860)   | 2,717   | (136,163)                 |              |
| Others   | -                                     | -                                       | -              | 320                                  | -                          | -               | (62)               | -                 | 258             | (258)               | -   | -       | -                         |              |
| Reserve attributable to disposal group classified as held for distribution                 | -                                     | -                                       | -              | 320                                  | -                          | -               | (62)               | -                 | 258             | (258)               | -   | -       | -                         |              |
| <b>Total others</b>  | -                                     | -                                       | -              | 320                                  | -                          | -               | (62)               | -                 | 258             | (258)               | -   | -       | -                         |              |
| <b>At 31 March 2019</b>  | 2,349,800                             | 173,394                                 | (1,842,369)    | (72,247)                             | -                          | 15,426          | -                  | (46,586)          | (1,945,776)     | -                   | 577,418   | 74,339  | 651,757                   |              |
| <b>At 1 January 2018 (previously reported)</b>   | 788,267                               | (185,197)                               | 100            | (86,390)                             | 89,462                     | 15,426          | 405                | 197               | 2,791           | 21,991              | -   | 625,061 | 115,627                   |              |
| Effects of adoption of SFRS(I)   | -                                     | 85,537                                  | -              | -                                    | (89,462)                   | -               | -                  | -                 | (85,462)        | (67,471)            | -   | (3,925) | -                         |              |
| <b>At 1 January 2018 (restated)</b>  | 788,267                               | (99,660)                                | 100            | (86,390)                             | -                          | 15,426          | 405                | 197               | 2,791           | (67,471)            | -   | 621,136 | 115,627                   |              |
| Profit for the period  | -                                     | 89                                      | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | -   | 89      | 745                       |              |
| Other comprehensive income   | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | -   | -       | -                         |              |
| Foreign currency translation   | -                                     | -                                       | -              | 15,394                               | -                          | -               | (805)              | -                 | 15,394          | (805)               | -   | 15,394  | 3,457                     |              |
| Net change in fair value of equity instruments at  | -                                     | -                                       | -              | -                                    | -                          | -               | (805)              | -                 | (805)           | (805)               | -   | (805)   | (805)                     |              |
| Other comprehensive income   | -                                     | -                                       | -              | 15,394                               | -                          | -               | (805)              | -                 | 14,589          | -                   | -   | 14,589  | 3,457                     |              |
| <b>Other comprehensive income for their period, net of tax</b>                             | -                                     | -                                       | -              | 15,394                               | -                          | -               | (805)              | -                 | 14,589          | -                   | -   | 14,589  | 3,457                     |              |
| <b>Total comprehensive income for the period</b>   | -                                     | 89                                      | -              | 15,394                               | -                          | -               | (805)              | -                 | 14,589          | -                   | -   | 14,678  | 4,202                     |              |
| Contributions by and distributions to owners   | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | -   | 14,678  | 4,202                     |              |
| Grant of equity-settled share options to employees   | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | -   | 61      | 61                        |              |
| Dividends paid to non-controlling interests of a subsidiary                                | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | -   | (471)   | (471)                     |              |
| <b>Total contributions by and distributions to owners</b>                                  | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | -   | (410)   | (410)                     |              |
| Changes in ownership interests in subsidiaries   | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | (8)               | (8)             | (8)                 | -   | 8       | 8                         |              |
| Acquisition of non-controlling interests without a change in control                       | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | -                 | -               | -                   | -   | 29      | 29                        |              |
| Dilution of equity interests in a subsidiary due to the exercise of employee share options | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | (8)               | (8)             | (8)                 | -   | 37      | 29                        |              |
| <b>Total changes in ownership interests in subsidiaries</b>                                | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | (8)               | (8)             | (8)                 | -   | (8)     | (8)                       |              |
| <b>Total transactions with owners, recorded directly in equity</b>                         | -                                     | -                                       | -              | -                                    | -                          | -               | -                  | (8)               | (8)             | (8)                 | -   | (8)     | (8)                       |              |
| <b>At 31 March 2018</b>  | 788,267                               | (99,671)                                | 100            | (70,996)                             | -                          | 15,426          | (400)              | 197               | 2,783           | (52,890)            | -   | 635,806 | 119,456                   |              |
|  |                                       |   |                |                                      |                            |                 |                    |                   |                 |                     |   |         | 755,262                   |              |

## STATEMENT OF CHANGES IN EQUITY

### Company

|   | Share capital    | Retained earnings/<br>(accumulated losses) | Capital reserve | Total equity     |
|---|------------------|--|-----------------|------------------|
|   | \$'000           | \$'000                                     | \$'000          | \$'000           |
| <b>At 1 January 2019</b>  | <b>2,772,209</b> | <b>(282,201)</b>                           | <b>-</b>        | <b>2,490,008</b> |
| Profit for the period, representing total comprehensive income for the period | -                | 15,483                                     | -               | 15,483           |
| <u>Contributions by and distributions to owners</u>                           |                  |  |                 |                  |
| Shares issued on conversion of warrants                                       | 14,758           | -  | -               | 14,758           |
| Non-cash distribution to owners of the Company                                | (155,973)        | -  | (740)           | (156,713)        |
| Capital reduction   | (281,194)        | 281,194                                    | -               | -                |
| <b>Total contributions by and distributions to owners</b>                     | <b>(422,409)</b> | <b>281,194</b>                             | <b>(740)</b>    | <b>(141,955)</b> |
| <b>At 31 March 2019</b>   | <b>2,349,800</b> | <b>14,476</b>                              | <b>(740)</b>    | <b>2,363,536</b> |
| <br>  |                  |  |                 |                  |
| <b>At 1 January 2018</b>  | <b>788,267</b>   | <b>(419,572)</b>                           | <b>-</b>        | <b>368,695</b>   |
| Loss for the period, representing total comprehensive income for the period   | -                | (1,743)                                    | -               | (1,743)          |
| <b>At 31 March 2018</b>   | <b>788,267</b>   | <b>(421,315)</b>                           | <b>-</b>        | <b>366,952</b>   |

- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issues, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

|  | 31 March 2019         |                  | 31 March 2018        |                |
|--|-----------------------|------------------|----------------------|----------------|
|  | No. of issued shares  | Amount \$'000    | No. of issued shares | Amount \$'000  |
| <b>Balance as at 1 Jan</b>                     | 26,072,880,745        | 2,772,209        | 4,738,417,411        | 788,267        |
| Conversion of warrants                         | 184,420,000           | 14,758           | -                    | -              |
| Non-cash distribution to owners of the Company | -                     | (155,973)        | -                    | -              |
| Capital reduction                              | -                     | (281,194)        | -                    | -              |
| <b>Balance as at 31 Mar</b>                    | <b>26,257,300,745</b> | <b>2,349,800</b> | <b>4,738,417,411</b> | <b>788,267</b> |

- a) A total of 9,476,834,822 Bonus Warrants which were issued and allotted to the shareholders on 25 April 2018 pursuant to the Very Substantial Acquisition have expired on 24 April 2019. Following the expiration of the Bonus Warrants, a total of 369,266,062 warrants have been exercised and 369,266,062 new ordinary shares were issued. Of the total warrants exercised, a total of 184,420,000 bonus warrants were exercised and 184,420,000 new ordinary shares were issued for the quarter ended 31 March 2019.

Total gross proceeds raised from the exercise of the Bonus Warrants amounting to \$29.6 million will be used in accordance with the uses as disclosed in the Company's Circular dated 28 February 2018.

Pursuant to the Bonus Warrants, the Company has issued and allotted a total of 369,266,062 Piggyback Warrants to the Warrant holders. The Piggyback Warrants entitles the warrant holders to subscribe for one (1) new ordinary share in the share capital of the Company at an exercise price of \$0.11 in cash. The Piggyback Warrants will expire on 24 April 2022.

- b) On 31 January 2019, the Company completed the distribution of all its shares in its Real Estate Business held by RSP Holdings Pte Ltd by way of capital reduction amounting to \$156.0 million. On the same date, the Company also completed its further capital reduction to write-off the accumulated losses of the Company amounting to \$281.2 million.

- 1(d) (iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at end of the immediately preceding year.

|                           | As at 31 Mar 2019 | As at 31 Dec 2018 |
|---------------------------|-------------------|-------------------|
| Number of issued shares   | 26,257,300,745    | 26,072,880,745    |
| Number of treasury shares | Nil               | Nil               |

- 1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

- 1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There was no sale, transfer, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

2. Where the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the Company's auditors.



3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Accounting policies and methods of computation used in the consolidated financial statements for the first quarter ended 31 March 2019 are consistent with those applied in the financial statements for the year ended 31 December 2018, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2019 as disclosed in item 5 below.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The adoption of new and revised standards did not have substantial effect on the financial performance and position of the Group except for the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) 16 Leases which took effect on 1 January 2019, using the modified retrospective approach. In compliance with SFRS(I) 16 Leases, 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 payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

6. **Earnings per ordinary share ("EPS") of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends :-**

- (a) **Based on the weighted average number of ordinary shares on issue; and**  
 (b) **On a fully diluted basis (detailing any adjustments made to the earnings).**

| EPS based on net profit attributable to shareholders of the Company (cents):  |                         |                |
|---|-------------------------|----------------|
|   | 3 months ended 31 March |                |
|   | 2019                    | 2018           |
| (a) Basic*  | (0.0039)                | 0.0003         |
| (b) Diluted**   | (0.0039)                | 0.0003         |
| <u>Continuing operations</u>  |                         |                |
| (a) Basic*  | 0.0046                  | 0.0126         |
| (b) Diluted**   | 0.0046                  | 0.0126         |
| Weighted average number of ordinary shares on issue as at the end of the period***  | 26,116,182,834          | 26,002,977,265 |
| Weighted average number of ordinary shares on issue after adjusting for effects of dilutive warrants as at the end of the period*** | 26,116,182,834          | 26,002,977,265 |

\* Based on weighted average number of fully paid shares in issue

\*\* The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares

\*\*\* The weighted average number of shares for the comparative period has been adjusted for the issuance of the 21,333,333,334 shares for the acquisition of the entire issued and paid-up share capital of Sasteria, which is assumed to be in issue since the beginning of the earliest period presented.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) **current financial period reported on; and**  
 (b) **immediately preceding financial year.**

|                                       | As at       |             |
|---------------------------------------|-------------|-------------|
|                                       | 31 Mar 2019 | 31 Mar 2018 |
| Net asset value per ordinary share of |             |             |
| Group (cents)                         | 2.20        | 2.74 *      |
| Company (cents)                       | 9.00        | 9.55        |

\* The number of shares have been adjusted for the issuance of the 21,333,333,334 shares for the acquisition of the entire issued and paid-up share capital of Sasteria, which is assumed to be in issue as at the end of the reporting period.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **REVIEW OF THE GROUP'S PERFORMANCE**

The Group registered an increase in quarterly revenue of 3.8% from \$52.5 million in 1Q2018 to \$54.5 million in 1Q2019. The increase was attributable mainly to higher overall inpatient load and higher average bill sizes in both Hospital Operations Division and Specialised Services Division. The Group's adjusted EBITDA increased by 14.0% from \$11.8 million to \$13.4 million during the quarter mainly due to lower operating expenses as a result of adoption of the new SFRS (I) 16 Leases, which resulted in a corresponding increase in depreciation expenses. Excluding the effect from the adoption of SFRS (I) 16 Leases, the Group's adjusted EBITDA remained stable.

Staff costs increased by 3.4% mainly due to higher manpower and wage costs.

Net finance costs were higher by \$3.6 million mainly due to additional bank borrowings taken as part of the acquisition of the Healthcare Business.

The Group registered a lower net profit after tax of \$2.0 million in 1Q2019. The decrease is mainly due to higher financing costs arising from bank borrowings taken for the acquisition of the Healthcare Business offset by better operating results of the Group.

The discontinued operations reported a loss, net of tax of \$2.3 million in 1Q2019 compared to a loss of \$3.5 million in 1Q2018. The loss was mainly attributable to unrealised foreign exchange loss of \$1.0 million arising from exchange rate movement between Sterling Pound and Singapore dollars for the period under review.

#### **REVIEW OF STATEMENT OF FINANCIAL POSITION**

Total assets of the Group were \$176.4 million lower as at the quarter ended 31 March 2019 mainly due to the distribution of the Real Estate Business assets, partially offset by the recognition of right-of-use assets as a result of the adoption of SFRS(I) 16 Leases.

Total liabilities were \$44.0 million lower as at 31 March 2019 compared to 31 December 2018, due mainly to the derecognition of the liabilities following the completion of distribution of the Real Estate Business, partially offset by the recognition of lease liabilities as a result of the adoption of SFRS(I) 16 Leases.

#### **REVIEW OF STATEMENT OF CASH FLOWS**

The Group recorded a net decrease in cash and cash equivalents for 1Q2019 of \$14.7 million. The decrease is mainly due to the effect of net cash outflow of \$24.1 million on completion of the distribution of its shares in the Real Estate Business, interest paid on bank loans of \$5.6 million and addition to plant and equipment of \$8.5 million offset by the net cash inflows generated from operating activities of \$10.8 million and proceeds from the exercise of bonus warrants of \$14.8 million.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group will continue to focus on building its strategic partnership in areas of collaboration with Brigham Health International and Dana-Farber Cancer Institute and other strategic partners in the region to deepen its core specialties in oncology, women and children's health, fertility, and preventative healthcare and wellness. The Company has identified women's health and oncology as the first areas of collaboration with the two industry-leading partners, both affiliates of Harvard Medical School. As previously announced, TMG intends to expand its existing Thomson Women Cancer Centre ("TWCC") into a regional platform, starting with new clinics and centres in Singapore, Malaysia and Indonesia. This is in line with the Company's strategy of deepening its core specialties in oncology, women and children's health, fertility, and preventative healthcare and wellness.

In Singapore, the Group expects to open its new flagship multi-specialty centre at Paragon Medical Centre in phases from late July 2019. The new centre will house an integrated facility offering fertility treatment, obstetrics & gynaecology services, TCM, sports medicine, preventive medicine and wellness services, aesthetics and diagnostic imaging services.

In Malaysia, Thomson Hospital Kota Damansara continues to perform well and registered growth in its revenue and patient volume. The project at Thomson Hospital Kota Damansara in Kuala Lumpur is on schedule and the piling works at Thomson Iskandar Medical Hub in Johor Bahru is progressing as planned.

Based on the current economic outlook and barring any unforeseen circumstances, the Directors expect the Group to remain profitable in 2019.

11. **Dividend**
- (a) **Current Financial Period Reported On**  
Any dividend declared for the current financial period reported on?  
No.
- (b) **Corresponding Period of the immediately Preceding Financial Year**  
Any dividend declared for the corresponding period of the immediately preceding financial year?  
No.
- (c) **Date payable**  
Not applicable.
- (d) **Books closure date**  
Not applicable.

12. **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended for the first quarter ended 31 March 2019 as the Company will only consider declaring a final dividend after the end of each financial year.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There was no reportable IPT as required under Rule 920(1)(a)(ii) and no IPT general mandate has been obtained during the reporting financial period.

14. **Update on use of exercise proceeds from Warrants Issue.**

The proceeds from the Bonus Warrants have not been utilised as of 31 March 2019. The Company will make periodic announcements on the material disbursement of any proceeds arising from the exercise of the Bonus Warrants as and when such proceeds are materially disbursed.

15. **Negative Confirmation pursuant to rule 705(5)**

To the best of our knowledge, nothing has come to the attention of the Board of Directors, which may render the unaudited interim financial results for the period ended 31 March 2019 to be false or misleading in any material aspect.

16. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in appendix 7.7) under rule 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Quek Hong Sheng Roy  
Executive Director and Chief Executive Officer

13 May 2019



