



**TMC LIFE SCIENCES BERHAD**

Incorporated in Malaysia [Registration No.: 200301021989 (624409-A)]



# THRIVING IN **ADVERSITY**

annual report **2020**



## VISION

To be the integrated health system of choice



## MISSION

To provide exceptional medical services and compassionate care to our patients and patrons through continuous effort, dedication, commitment and the application of world class standards in all of our endeavours

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Annual Report **2020**

## 18<sup>th</sup> ANNUAL GENERAL MEETING



**Wednesday**  
4 November 2020



10.00 a.m.

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Proxy Form



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir**  
Non-Independent Non-Executive Chairman

**Claire Lee Suk Leng**  
Independent Non-Executive Director

**Wan Nadiyah Binti Wan Mohd Abdullah Yaakob**  
Executive Director and Group Chief Executive Officer

**Dr. Lam Lee G**  
Independent Non-Executive Director

**Kan Kheong Ng**  
Executive Director

**Dato' Sri Mohd Mokhtar Bin Mohd Shariff**  
Independent Non-Executive Director

**Gary Ho Kuat Foong**  
Independent Non-Executive Director

**Wilson Sam**  
Executive Director (Alternate to Kan Kheong Ng)

## AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman : Dr. Lam Lee G  
Members : Gary Ho Kuat Foong  
Dato' Sri Mohd  
Mokhtar Bin Mohd  
Shariff

## NOMINATING COMMITTEE

Chairman : Gary Ho Kuat Foong  
Members : Dr. Lam Lee G  
Dato' Sri Mohd  
Mokhtar Bin Mohd  
Shariff

## REMUNERATION COMMITTEE

Chairman : Dato' Sri Mohd  
Mokhtar Bin Mohd  
Shariff  
Members : Gary Ho Kuat Foong  
Dr. Lam Lee G

## COMPANY SECRETARIES

**Chua Siew Chuan**  
(SSM PC No. 201908002648)  
(MAICSA 0777689)

**Chin Mun Yee**  
(SSM PC No. 201908002785)  
(MAICSA 7019243)

## AUDITORS

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(LLP0022760-LCA) & AF0039  
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50490 Kuala Lumpur

Tel: 603-7495 8000  
Fax: 603-2095 9076

## SHARE REGISTRAR

Tricor Investor & Issuing House  
Services Sdn. Bhd.  
Unit 32-01, Level 32  
Tower A, Vertical Business Suite  
Avenue 3, Bangsar South  
No.8, Jalan Kerinchi  
59200 Kuala Lumpur

Tel: 603-2783 9299  
Fax: 603-2783 9222

## REGISTERED OFFICE

Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

Tel: 603-2084 9000  
Fax: 603-2094 9940 / 603-2095 0292

## HEAD OFFICE

C-13-09 Sunway Nexis  
No.1, Jalan PJU 5/1  
Dataran Sunway  
Kota Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan

Tel: 603-6287 1111  
Fax: 603-6287 1212

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock code : 101  
Sector : Health Care  
Sub-sector : Health Care Providers

## WEBSITE

[www.tmlife.com](http://www.tmlife.com)

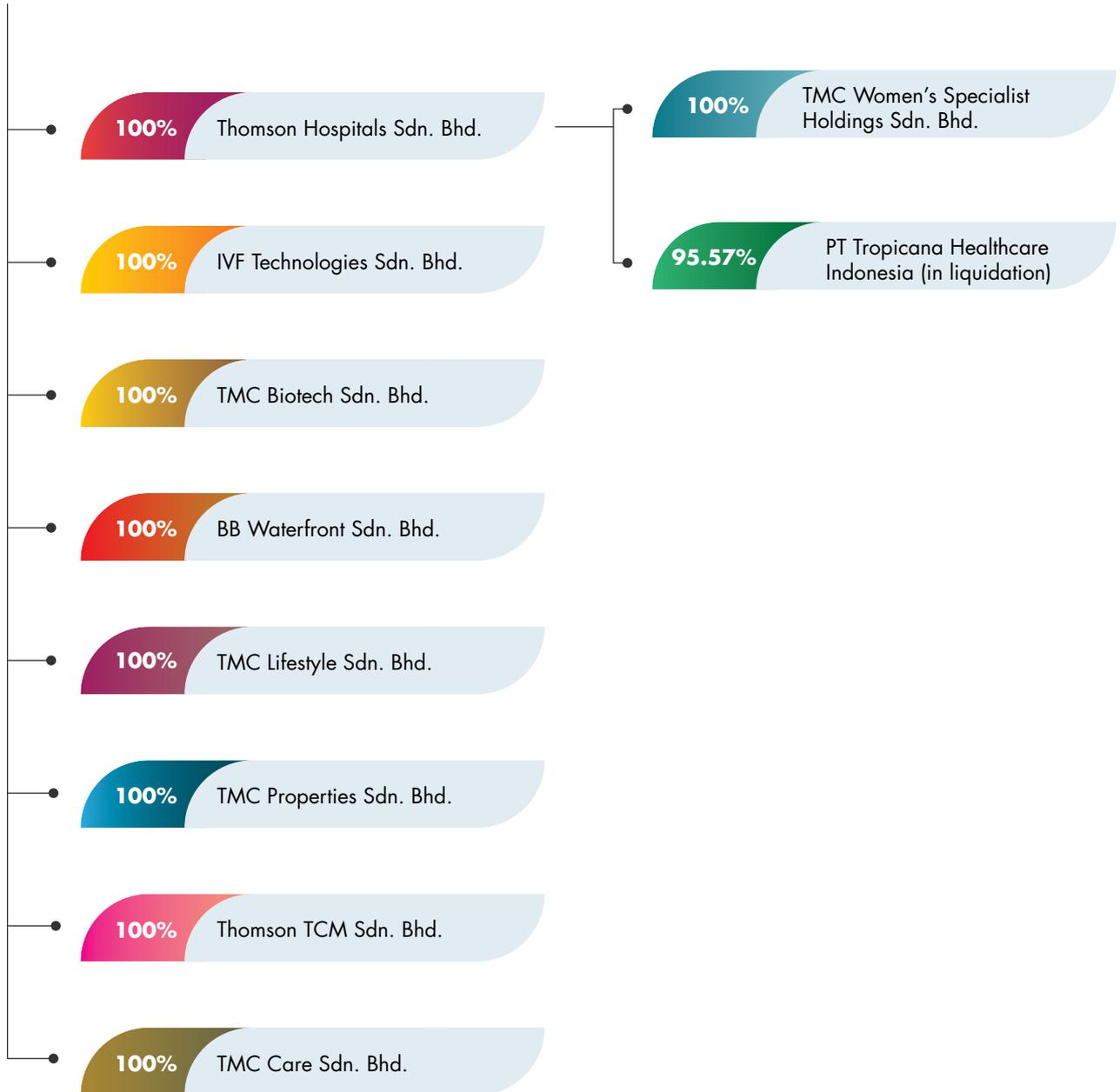
# CORPORATE STRUCTURE

AS AT 30 JUNE 2020



## TMC LIFE SCIENCES BERHAD

(200301021989) (624409-A)



## CORPORATE PROFILE



### TMC Life Sciences Berhad

**TMC Life Sciences Berhad ("TMCLS") is one of the fastest growing healthcare groups in Malaysia. Listed on the Main Market of Bursa Malaysia Securities Berhad since 2005, the Group aims to be the Integrated health system of choice, delivering quality, value-based care to its patients and customers.**

The Group's business includes:

- Thomson Hospital Kota Damansara
- Thomson TCM
- Thomson Iskandar
- TMC Fertility
- TMC Care Pharmacy

TMCLS is in the midst of a major expansion plan, with significant additional capacity and capabilities projected to come on stream by 2021. The plan includes expanding its flagship hospital, Thomson Hospital Kota Damansara, and developing a new integrated medical hub - Thomson Iskandar - in Johor Bahru.



**BEST QUALITY INITIATIVE**  
**IMTJ MEDICAL**  
**TRAVEL AWARDS**  
**2019**



**TMCLS EXPANDING NEW**  
**INTEGRATED**  
**MEDICAL HUB**  
**THOMSON ISKANDAR**  
**IN JOHOR BAHRU**

//

The Hospital's recent awards include ENT Service Provider of the Year in Asia Pacific (Global Health and Travel Awards 2019), **Best Quality Initiative (IMTJ Medical Travel Awards 2019) and Petaling Jaya Sustainable Community Award 2019.** //



### Thomson Hospital Kota Damansara

#### **Celebrating Life**

Established in 2008, Thomson Hospital Kota Damansara ("THKD") is the flagship hospital of TMCLS. Located in a prime alcove of Kota Damansara, Selangor, THKD is easily accessible via all modes of transportation, including the Mass Rapid Transit ("MRT") system.

It is a multi-disciplinary tertiary care centre equipped with advanced medical technology and modern infrastructure to deliver quality, affordable healthcare solutions and a superior service experience for our local and international patients. The 205-bedded hospital is served by a panel of over 110 consultant specialists - all highly trained with commendable track records in their medical and surgical disciplines.

With facilities ranging from a 24-hour Accident & Emergency department and cardiac and vascular catheterization labs to a full-fledged International Patient Centre, THKD is able to fulfill all your healthcare needs. In addition, THKD is accredited by the Malaysian Society for Quality in Health ("MSQH"). It is also the first in Malaysia to offer ENT, Head and Neck CO2 laser treatment, while also being one of four private hospitals in Malaysia to offer specialized interventional neuro-radiology services.

The Hospital's recent awards include ENT Service Provider of the Year in Asia Pacific (Global Health and Travel Awards 2019), Best Quality Initiative (IMTJ Medical Travel Awards 2019) and Petaling Jaya Sustainable Community Award 2019.

In line with the Group's vision to be the "Integrated Health System of Choice", THKD has embarked on an expansion project that will triple its capacity.

## CORPORATE PROFILE



This will make it one of the largest private healthcare institutions in the region. The expansion will enable THKD to bring even more services and facilities to our community, including:



### Thomson Iskandar Medical Hub

Located just off the Causeway linking Johor and Singapore, Thomson Iskandar will comprise of the 500-bed multi-disciplinary tertiary Iskandariah Hospital, medical, allied health and nursing training institutes as well as medical research facilities, and a 33-storey commercial block.



### TMC Fertility Centre

#### *Realising Dreams, From Hope to Joy*

TMC Fertility ("TMC") was established in January 1994 from humble beginnings as a clinic at Damansara Utama, Selangor. Having helped numerous couples achieve their dreams of parenthood for more than 20 years, today, TMC proudly boasts a network of 6 centres, 11 resident fertility specialists, 16 highly qualified scientists and a team of experienced nurses and support staff nationwide.

TMC offers a comprehensive range of reproductive treatments such as In-Vitro Fertilisation ("IVF"), Pre-Implantation Genetic Testing ("PGT"), cryopreservation, donation programmes, laparoscopic surgery, and surgical sperm retrieval, among others and the TMC laboratory utilises High-Resolution Next Generation Sequencing ("NGS") technology, the most advanced pre-implantation genetic screening to date. The NGS technology screens all 24 chromosomes and contains information that indicates the condition of the embryo and the potential health risks. TMC also utilises time-lapse imaging technology which are specially designed incubators with built-in camera and microscope that takes an image of the embryos every 10 minutes. This enables the embryologists to monitor the embryos without removing them from the safe environment of the incubator and this technology has also been associated with higher live birth rates and lower early pregnancy loss.

Quality care and high treatment standards make up the cornerstones of TMC's success as strict quality controls are practiced throughout its state-of-the-art facilities. Housing one of the largest IVF laboratories in South East Asia, TMC @THKD was one of the first in Malaysia to be certified by the Reproductive Technology Accreditation Committee ("RTAC"), an international validation of the quality standards practice. RTAC is the accreditation arm of the Fertility Society of Australia ("FSA"), the foremost body for reproductive medicine in Australia and New Zealand.

All the efforts put forth have resulted in TMC being awarded accolades over the years, making it a multi award-winning and internationally renowned Centre of Excellence. The Global Health & Travel named TMC 'Fertility Service Provider of the Year' for 4 consecutive years from 2016 to 2019 as well as 'Women's Health & Wellness Service Provider of the Year' in 2018 & 2019. Also, Frost & Sullivan had named TMC as 'Malaysia Fertility Centre of The Year' in 2016, 2017 & 2019.

Since its inception 25 years ago, TMC has successfully helped couples to conceive more than 5,000 IVF babies through various assisted reproductive techniques. TMC broke the Malaysia Book of Records for the Highest Number of IVF Babies Produced by A Single IVF Practice with 5,388 IVF babies. Well-recognised as an innovation driver, TMC aims to consistently exceed patients' expectations and improve patient engagement by providing a greater experience.



**TMC BROKE THE MALAYSIA BOOK OF RECORDS FOR  
THE HIGHEST NUMBER OF  
IVF BABIES PRODUCED  
BY A SINGLE IVF PRACTICE WITH  
5,388 IVF BABIES.**

## CORPORATE PROFILE

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Since its inception 25 years ago, TCMF has successfully helped couples to conceive more than **5,000 IVF babies through various assisted reproductive techniques.** //

TMC Care has diversified its business and has established a strong presence in e-commerce



ON 10 DECEMBER 2016

**TMC CARE PHARMACY**

WAS OFFICIALLY LAUNCHED AT  
**VANTAGE BAY** IN THE BUSTLING  
CITY OF JOHOR BAHRU

### TMC Care Pharmacy

TMC Care Pharmacy ("TMC Care") opened for business in July 2016 and was officially launched on 10 December 2016 at Vantage Bay in the bustling city of Johor Bahru. It was the first retail pharmacy under the wing of TMCLS, envisioned to serve the Thomson Iskandar medical hub, including the 500-bed Hospital Iskandariah, health and wellness facilities and the proposed medical and allied-health school. Today, TMC Care has diversified its business and has established a strong presence in e-commerce.

### Thomson TCM

Thomson TCM ("TTCM") was established to be a trusted integrative health and wellness centre offering patients an inclusive healing alternative. Opening its doors for business on 1 November 2018, it is managed by a team of certified and highly experienced physicians whose practices combine TCM philosophies with the latest technology and is able to complement allopathic medicine. Our physicians work closely with our consultant specialists at TCMF and THKD to provide our patients with a holistic range of treatments from health conditions such as hormone imbalance and infertility to pain management and general health and wellness. Equipped with 3 consultation and 7 treatment rooms as well as the dispensing of Chinese herbal medicine, TTCM's modern, patient-friendly centre also provides the perfect ambience to the services and facilities.

**PROFESSOR EMERITUS DATO' DR. KHALID BIN  
ABDUL KADIR**

CHAIRMAN



# CHAIRMAN'S STATEMENT

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**Dear Shareholders,**

On behalf of the Board of Directors,  
I am pleased to present the Annual  
Report of TMC Life Sciences Berhad  
for the ten months financial period  
ended 30 June 2020.

# CHAIRMAN'S STATEMENT

## Performance Review

Overall, our strong growth trajectory should have continued in 2020 had we not been impacted by the Covid-19 pandemic. The first two quarters of the financial period saw us performing better than we had expected. However, business was severely impacted by the implementation of the Movement Control Order ("MCO") on 18 March 2020 and the low numbers continued until May 2020. Since the lifting of domestic travel restrictions, we have seen a steady recovery but we continue to remain cautious given the uncertainty of recurring outbreaks. Group revenue dropped marginally by 3% to RM153 million for the financial period ended 30 June 2020, compared to 10-month financial period ended 30 June 2019. As a result of the losses suffered in March and April 2020, the Group recorded a corresponding lower profit before tax for the financial period ended 30 June 2020 of RM18.4 million, a 40% drop compared to 10-month financial period ended 30 June 2019. This drop was mainly driven by higher depreciation charge, lower interest income and higher staff costs, as we prepare to ramp up for the expansion of Thomson Hospital Kota Damansara in 2021.

Net profit for the 10-month financial period ended 30 June 2020 was RM13.3 million, recording a decrease of 43% compared to the 10-month financial period ended 30 June 2019.

The Group will continue to prudently manage spending and to actively conserve cash to weather the challenging operating environment brought on by the Covid-19 pandemic. The cash and bank balances was maintained at RM136.5 million, after having spent a total of RM136.4 million on capital expenditure, including RM118 million on expansion projects.

## Dividends

While the Group's performance was weaker than expected, the Group remains profitable. Therefore, we intend to reward our shareholders by paying out dividends and distribute a share of the Group's profits with our shareholders. The Board has proposed a single-tier final dividend of 0.1678 sen for the financial period ended 30 June 2020, representing 22% of the net profit for the current financial period (2019: 16.7%), subject to the approval of the shareholders at the forthcoming Annual General Meeting. In deciding the quantum, the Board took into consideration the 10-month period compared to the 12-month period of the preceding year. The Board was mindful of the need to balance rewarding our shareholders while maintaining a suitable cash reserve position to support our two major expansion projects in Kota Damansara and Johor Bahru.

## Compliance with Corporate Governance

At TMC Life Sciences Berhad, we are committed to upholding the highest standards of corporate governance throughout the Group. This is fundamental to the discharging of our responsibilities to safeguard shareholders' investment and ultimately enhance shareholder value and the financial performance of the Group.

The standards of practice and policy that we adhere to in accordance with the Malaysian Code on Corporate Governance 2017 is highlighted in the Statement on Corporate Governance stated on pages 72 to 82 of this Annual Report.

## Moving forward

In addition to the Covid-19 pandemic and its effect on the global economy, US-China trade tensions, political and geopolitical risks as well as other uncertainties pose downside risks to Malaysia's economic growth prospects in 2020. Specifically the private healthcare industry in Malaysia is also subject to further political and regulatory risk, with uncertainty over the implementation of drug price controls which may affect the operating margins of the Group.

We will continue to be prudent in our spending as we seek to grow our range of services while maintaining the highest level of medical care and patient safety. Our primary focus remains providing innovative, value-based care to our patients, both locally and abroad while developing a larger overall footprint in Malaysia's thriving healthcare sector. In this regard, our expansion plans in Kota Damansara and Johor Bahru remain key priorities. The expansion of THKD has been delayed by the MCO and is now scheduled to open in the third quarter of 2021.

At TMC Life Sciences Berhad, we believe fully in our vision of becoming the integrated health system of choice. Notwithstanding potential economic headwinds, we seek to continue to grow our business through good planning, prudent management of resources while upholding the highest standards of health and medical care.

# CHAIRMAN'S STATEMENT

## A Word of Appreciation

First, I would like to acknowledge and thank our patients and their families for the confidence they have put in our hospital, fertility centres as well as TCM and Pharmacy businesses. Secondly, I wish to thank the management, specialists and staffs for their dedication, hard work and loyalty to the Group, without whom our achievements and growth would not have materialised. Thirdly, I would also like to extend my sincere gratitude to our suppliers, business associates and partners for their support over the years.

I would also like to express my gratitude to my fellow Board members for their invaluable contribution and commitment. Last but not least, my sincere appreciation to all shareholders for being an integral part of our journey towards building an iconic platform for private healthcare in Malaysia and beyond.

**PROFESSOR EMERITUS DATO' DR. KHALID BIN ABDUL KADIR**  
CHAIRMAN

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF TMC LIFE SCIENCES BERHAD

TMC Life Sciences Berhad operates an integrated healthcare platform that incorporates Hospital Division, TMC Fertility Centre, TMC Care Pharmacy and Thomson TCM, as described in our Corporate Profile on pages 4 to 8 of this Annual Report.



**Hospital  
Division**



**TMC Fertility  
Centre**



**TMC Care  
Pharmacy**



**Thomson  
TCM**

## Financial Review

For the 10-month financial period ended 30 June 2020, our Group recorded revenue and profit before tax of RM153 million and RM18.4 million respectively, a decrease of 3% and 40% respectively compared to the similar period ended 30 June 2019. The decrease in revenue was mainly due to negative impact from the implementation of the Movement Control Order ("MCO") on 18 March 2020 and the low numbers continued until May 2020 which affected patient load during the current financial period. Higher drop in profit before tax was mainly due to higher depreciation charges, lower interest income and higher staff costs, as we prepare to ramp up for the expansion of Thomson Hospital Kota Damansara ("THKD") in 2021.

Net profit for the 10-month financial period ended 30 June 2020 was RM13.3 million, a decrease of 43% compared to the 10-month financial period ended 30 June 2019.

## Statement of Financial Position

Our capital expenditure spend was RM150 million of which RM130 million is attributed to our expansion projects. Our inventory was higher by 6% compared to the last financial year as a result of uncertainties in supply chains. Our trade receivables were down by 26% compared to our revenue decrease of only 3%, indicating improved collections and credit control measures. Our year end cash balance stands at RM136.5 million, of which RM80 million was contributed by the drawdown of the loan for our THKD expansion project.

## Statement of Cash Flows

### Operating activities

Net cash generated from operating activities was RM14.6 million during the 10-month financial period ended 30 June 2020, a decrease of 58% compared to the 10-month financial period ended 30 June 2019. Lower cash generated during the current financial period was directly due to the impact of the MCO in response to the Covid-19 pandemic.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Investing activities**

The Group used RM136.4 million for new investment activities during this financial period compared to RM59 million for the 10-month financial period ended 30 June 2019. The higher amount was mainly due to further progress of the expansion project at THKD and piling work at Thomson Iskandar Medical Hub.

## **Financing activities**

Our net cash from financing activities during the financial period was RM75.2 million compared to RM0.82 million for the 10-month financial period ended 30 June 2019. The increase in this amount was mainly due to the loan drawdown of RM80 million during the financial period.

The consequent net decrease in cash and cash equivalents was RM4.8 million, with total cash and cash equivalents of RM97 million at 30 June 2020.



**Hospital  
Division**

## **THOMSON HOSPITAL KOTA DAMANSARA**

### **2019-2020 Key Milestones**

#### **Disaster Response Exercise**



*THKD aims to be better prepared to serve the community of Kota Damansara in the event of a real disaster.*



*Members of the THKD team with YB Tuan Shatiri Mansor, ADUN of Kota Damansara, and representatives from 17 agencies and organisations involved in KD DiREx 2019.*

## MANAGEMENT DISCUSSION AND ANALYSIS

On 31 October 2019, THKD successfully conducted the Kota Damansara Disaster and Response Exercise ("KD DiREx 2019"). Held at Jalan Persiaran Surian next to the Kota Damansara MRT station, the disaster simulation scenario involved a collision between a bus, two cars and 27 human "casualties".

In conducting this disaster drill, THKD aims to be better prepared to serve the community of Kota Damansara in the event of a real disaster. Spearheaded by THKD's Emergency Department with the partnership of Hospital Sungai Buloh, the disaster drill also saw the involvement of 17 agencies and organisations including the Civil Defence Force, Royal Malaysian Police, Fire and Rescue Department, Petaling Jaya City Council, Selangor State Health Department, Public Works Department, St John Ambulance of Malaysia, Malaysian Red Crescent Society, First Ambulance, MRT Corp, Rapid Bus and Inti International University and Colleges. This level of coordination and collaboration from various organisations is critical to ensure a timely and effective response should an actual disaster occur.

KD DiREx 2019 also had the support of YB Tuan Haji Shatiri Mansor, the state assemblyman of Kota Damansara, who was present at the event.

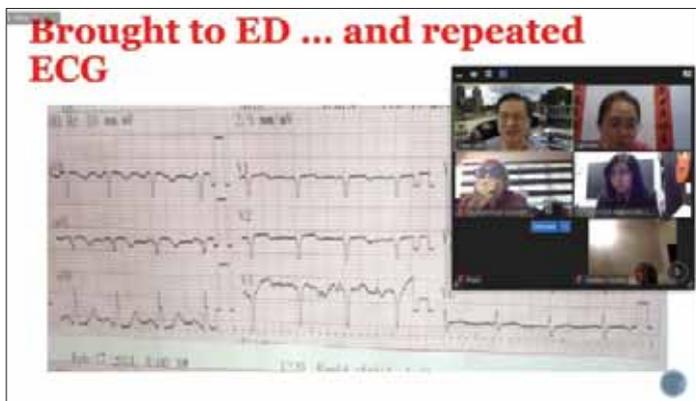
### MEDICAL EDUCATION



The GP symposium in February 2020 was held at Sheraton Petaling Jaya, attracting 222 participants.



The GP symposium in November 2019 was held at Royale Chulan Damansara, attracting 139 participants.



The ECG Masterclass series of webinars were conducted by Dr Gary Lee Chin Keong, consultant cardiologist and electrophysiologist & physician.



## MANAGEMENT DISCUSSION AND ANALYSIS



Ms Nadiah Wan receiving the IMTJ award at a glittering ceremony in Berlin, Germany.



Dr Mohamad Al-Hadi, Head of the Emergency Department and Azif Zahirin, Senior Manager of Group Quality, Legal and Risk, at the award ceremony.

THKD continues to create a platform for general practitioners (GP) to obtain the latest medical updates through our Thomson GP+ Symposium. On 17 November 2019, a symposium titled “Men and Women Wellness” drew 139 GPs from around the Klang Valley. Six THKD consultants and one staff gave talks in the areas of fertility, ophthalmology, ENT, breast, obstetrics and gynaecology, paediatric orthopaedic and rehabilitation.

On 23 February 2020, another symposium for GPs was successfully conducted. Titled “Building Healthier Communities”, the event was attended by 222 GPs. Six THKD consultants gave talks in the areas of radiology, cardiology, gastroenterology, neurosurgery, cardiothoracic surgery and fertility.

An initiative by the Business Development and Marketing Communications department, these events aim to strengthen ties with primary healthcare providers in the community and contribute to continuous medical education of healthcare professionals in the country.

When the Movement Control Order (“MCO”) began on 18 March 2020, we shifted our events to the digital space. THKD’s first online GP forum was held on 14 May 2020. An ECG Masterclass was conducted by our consultant cardiologist and electrophysiologist with a total of eight webinars taking place over three months. Around 30 to 60 GPs attended each session.

### Award-Winning Hospital

THKD’s win at the IMTJ Medical Travel Awards 2019 in December 2019 was an achievement of global significance as it was the only Malaysian hospital to win in a competitive field. THKD brought home the award for **Best Quality Initiative 2019 - IMTJ Medical Travel Awards**.

The Hospital also bagged the Petaling Jaya Sustainable Community Award 2019 as a Champion for **SDG 13: Climate Action** in the same month.

### Developing Comprehensive Tertiary Healthcare Services

This financial period saw the joining of new consultants and thereby expansion of specialist services offered to patients. Six new consultants were recruited covering areas of speciality including Anaesthesiology, Cardiothoracic Surgery (Paediatric/ Congenital Cardiac Surgery), Cardiology & Electrophysiology, Gastroenterology & Hepatology and Sports Medicine. Under Allied Health, podiatry and clinical psychology services were brought on board.

Additionally, the Hospital welcomed on board a Medical Director in the person of Dato’ Dr Mohd Hamzah Kamarulzaman, who will assist in planning the future of medical services in the Hospital and upgrading the level of clinical standards.

With regards to the facilities, a new CT scan machine was installed in October 2019. With this new machine, the Hospital hopes to offer patients faster scanning with more detailed images at a lower dose of radiation.

Our laboratory has also installed two new automated analyzers for urinalysis and haematology. THKD is the first facility in Malaysia to use the Sysmex integrated haematology analyzer.

### Improving Patient Safety and Customer Service

The Hospital rolled out a new Patient Experience Management platform to allow real time escalation of complaints. This also serves as a customer feedback mechanism to gain valuable feedback for service improvement in accordance with our patients’ needs.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CHALLENGES

The months of September 2019 right up till January 2020 were very busy months for the Hospital with many departments meeting their targets and seeing increasing census. February 2020 was challenging as THKD joined the rest of the country in battling the spread of Covid-19; however, there were still increases in utilisation and census for specific departments.

The Hospital could not escape the cascading effects of the MCO which started in March 2020. As Covid-19 spread in the community, the Hospital was faced with the tough decision to stop elective procedures due to the shortage of appropriate Personal Protective Equipment ("PPE") required to protect staff and consultants. Patients also chose to defer their procedures until after the MCO or until the spread of Covid-19 is under control. In March 2020, the Hospital's occupancy dropped to the lowest it had been in many years at 40%. All areas saw a drop in patient load, except the Accident & Emergency department which saw an increase in patients requiring screening for Covid-19.

Fortunately, June 2020 saw a welcome resumption in activity as the economy gradually reopened under the Recovery Movement Control Order ("RMCO"). Almost all departments saw an increase in activity, although we remain cautious on the future outlook due to the risk of recurring outbreaks.

## STRATEGIES AND SOLUTIONS

### Cost Containment

Aggressive cost containment measures were undertaken to manage the decline in revenue due to the Covid-19 lockdown. Many scenarios were stress-tested in developing the Hospital's new budget and conservative measures were undertaken to ensure that the Hospital operations remain sustainable throughout this challenging period.

Many activities such as staff engagement activities, new capex purchases and hiring have been deferred until the situation recovers. New purchases and expenses were put on hold unless absolutely critical while department operations were restructured to reduce overhead and manpower costs.

### New Services for the New Normal

Since customers and patients could not come to the Hospital during the MCO period, new services and functionalities were launched in order to meet the needs of the customer base and make the most of the situation. THKD was the first in the Klang Valley to launch a drive-through Covid-19 screening service on 23 March 2020. As of May 2020, THKD has screened nearly 9,000 people for Covid-19, with positive cases referred to designated Ministry of Health hospitals. In this way, the Hospital was also able to support the government's strategy to test as many people as possible for Covid-19 in order to identify, trace, isolate and treat them.

This was followed by a series of "Drive-Thru" services which include medication dispensing and home delivery of medication ("MedEx"), vaccination for adults, flu vaccination package and blood draw for tests. Such services allowed users to maintain social distancing, thereby reducing the risk of infection for both customers and our healthcare team. In the month of May 2020, the Fast Track Paediatric Vaccination service was launched, where patients can register and pay online, hence minimising the time spent in the Hospital.

In June 2020, Thomson Hospital Online ("THO") was launched. This telehealth platform enables our patients to consult their doctors, obtain prescriptions and purchase medications to be delivered to their doorstep. The next phase of THO will see more and more services such as dietetics and rehab added to enable our hospital to provide even more convenience to our patients. Though we are not the first to launch a teleconsultation service, we believe that Thomson Hospital Online is a strategic endeavour to expand healthcare services into the digital space and will become one of our mid to long term priorities.

### Safety Measures

Since the beginning of the pandemic, the Hospital had taken steps to minimise the risk of infection in both staff and customers. A Covid-19 taskforce was established to provide guidance and to make decisions concerning issues relating to the pandemic. Guidelines issued by the Ministry of Health were quickly implemented. The Hospital set up a screening at the main entrance, established the Communicable Disease Screening Centre, developed new SOPs for admitting and treating patients, enforced social distancing measures in lifts and waiting areas and even creatively sourced materials for PPE.

When the MCO began on 18 March 2020, measures were taken to adapt quickly to a new way of working to maintain social distance amongst employees, including rotation of staff on duty in various teams and remote working arrangements. At present, the option of working from home is still extended to administrative employees. We foresee that flexible working arrangements will become part of the new normal and we hope to embrace and leverage these changes to positively transform our organization.

In June 2020, the KipleLive system, an automated screening and health declaration tracking system, was rolled out hospital-wide to register and monitor the health status of all employees and consultants as well as patients and visitors. A mandatory process for all persons entering the hospital, this system ensures that we comply strictly to the standard operating procedures set out by the National Security Council and Ministry of Health.

### Talent Management

Employee wellbeing continues to be a priority for the Group and to this end, a number of initiatives and programmes were rolled out this financial period. In October 2019, all senior management team members attended a two-day management programme conducted by the Asia School of Business. In November 2019, Thomson Worry Free was rolled out - a home ownership programme which enabled staff to secure lower rates of borrowing for housing. The Group also launched a cashless benefit for outpatient care to staff and dependents through a partnership with Mediviron group.

## MANAGEMENT DISCUSSION AND ANALYSIS

In addition, several initiatives were implemented to increase productivity. These are the e-rostering and e-performance management system ("PMS"). Through e-rostering, employees will be paid directly based on the rosters and clocking-in system. The e-PMS system will enable a more holistic assessment of employee performance, taking into account not just measurable KPIs but also competency levels according to job grades.

### PROSPECTS

The expansion of THKD is targeted for completion by Q3 of 2021. In addition to specialist clinics and inpatient rooms, the new building will also house a brand new Cancer & Radiosurgery Centre and Nuclear Medicine Centre.

As for the project at Thomson Iskandar Medical Hub, the Group aims to complete the hospital within 12 to 24 months after the RTS project at Bukit Chagar is fully operational.



**TMC Fertility  
Centre**

*TMC Fertility's flagship centre at Puchong Financial Corporate Centre is all set to open in the second half of 2020.*



### TMC FERTILITY CENTRE ("TMCF")

#### 2020 KEY MILESTONES

TMCF has been focusing on its expansion plan in Puchong with our flagship centre in Puchong Financial Corporate Centre, scheduled to open for business in the second half of 2020.

#### CHALLENGES

The shortage of skilled manpower has resulted in increase in costs of resources and challenges in retaining manpower. The lack of insurance coverage for fertility treatments also serves as a hindrance to expectant couples. Over the next 12 to 24 months cross-border travel restrictions are a main factor affecting the demand for fertility services amongst medical tourists.

## MANAGEMENT DISCUSSION AND ANALYSIS

### STRATEGIES

One of TMCF's key strategies in its continuous effort to retain its position as the market leader in IVF services in Malaysia is to extend more personalised fertility services while consistently exceeding our patients' expectations and improve their engagement by providing a greater experience. In addition, our packages are value-based to suit individual needs. Having the largest network of fertility centres across Malaysia, TMCF has steadily increased its pool of specialists and scientists, introducing new and innovative technologies in all our centres. We collaborate with global and local healthcare partners and integrate our services closely with Thomson TCM and Thomson Hospital Kota Damansara, which has enabled us to provide holistic, comprehensive care and access new market segments. Public and professional educational initiatives are regularly undertaken to increase awareness on reproductive health, and during the Covid-19 pandemic period, this has shifted to virtual format in social media platforms. TMCF is also a leading platform for medical tourism growth by attracting international patients from in and around the region.

### PROSPECTS

The rising average age of new mothers, decreasing fertility in women and low sperm quality in men are among the key factors driving the demand for fertility treatments. With this in mind, TMCF aims to continuously educate and bring awareness through health forums and the like to encourage early fertility testing (e.g. AMH, sperm analysis) among Malaysians. This will enable women and men alike to become aware of their reproductive health sooner and in knowing their options, it will allow them to plan and take the necessary measures for their future with us. Integrating our offerings with TCM and hospital services, such as dietetics, and collaborating with global and local healthcare partners will widen our range of offerings in providing all-inclusive care. Our stream of international patients from our strongest markets, Indonesia, China and Singapore, have also shown significant growth in the early part of the year. However, our prospects for international market remain dim as the recent pandemic has depressed international travel and tourism. Therefore, we will be focusing more on tapping into new segments of the local market with innovative products and services, leveraging on synergies with our hospital and TCM businesses. Nonetheless, we have used this lull positively by putting effective plans into place and we are prepared to receive international patients as soon as the borders reopen.



*TMC Fertility has steadily increased its pool of specialists and scientists, as well as new technology, in its continuous effort to remain the domestic IVF market leader.*



*In our effort to widen our range of offerings in providing all-inclusive care, TMC Fertility integrates its offerings with the likes of TCM. Dr. Navdeep Singh Pannu, Medical Director of TMCF (left) and Ms. Soo Wee Min, Thomson TCM Physician (right).*

# MANAGEMENT DISCUSSION AND ANALYSIS



TMC Care Pharmacy strives to make an impression within the community by organising various activities to boost our brand prominence.



## TMC CARE PHARMACY (“TMC Care”)

### 2019 KEY MILESTONES

#### E-Commerce Business Setup

In the emerging e-commerce business, TMC Care has expanded its services to capture high-growth market. TMC Care has active listings on Lazada Malaysia and Shopee Malaysia and had launched our very own flagship e-commerce store ([www.tmcarepharmacy.com](http://www.tmcarepharmacy.com)) in 2018 to cater for orders and enquiries from both local and our neighbouring country, Singapore. Online shoppers in Malaysia can have their orders delivered right to their doorstep and, as an added service, residents outside of Malaysia can pre-order their items and pick up at their convenience from the pharmacy located in Vantage Bay, Johor Bahru.

#### CHALLENGES

The retail pharmacy sector remains competitive with the increase in demand for accessible and affordable medication. The rising costs of medication makes competition stiffer, affecting profit margins. TMC Care’s value proposition is its link with the larger healthcare platform within the Group. This ensures continuous high-quality control of our products and services offered to our patients. Our customers can be seamlessly referred to our associated healthcare and medical institutions such as Thomson Hospital Kota Damansara, TMC Fertility Centre and Thomson TCM. We are and will remain the trusted source of medication and health products.

#### STRATEGIES

TMC Care’s strategic plans aim to enhance our value proposition in order to meet customers’ expectations and be the preferred community pharmacy supported by a healthcare group. The pharmacy provides a special focus on women’s health, fertility and children. Being relatively new in the pharmacy community, we strive to make our presence known by organising numerous activities and health programmes to boost our brand prominence within the community. In the emerging e-commerce business, TMC Care has expanded its services to capture an ever-expanding market with its own e-commerce site and active listings on Lazada Malaysia and Shopee Malaysia. And, with the plans to revamp the website, we aim to give online shoppers a better online experience and induce increased sales.



## MANAGEMENT DISCUSSION AND ANALYSIS

As an added service, TMC Care Pharmacy offers residents outside of Malaysia, particularly in neighbouring Singapore, the option to pre-order and pick up at their convenience from the pharmacy.



### PROSPECTS

With the upcoming expansion of THKD, Thomson Iskandar Medical Hub and other developments in the proposed Vantage Bay Healthcare City, TMC Care will be able to leverage on the bigger integrated healthcare platform to grow in tandem with the other associated facilities. TMC Care's proximity to neighbouring Singapore continues to create opportunities to cater to the Singaporean's demand for high quality and cost-effective products. The Covid-19 pandemic has created opportunity for our TMC Care where there is growing demand for personal protective equipment through online sales since the beginning of the Movement Control Order ("MCO").



Thomson TCM has embarked on developing, producing, packaging and marketing our own range of herbal medication and remedies.

### THOMSON TCM ("TTCM")

#### 2020 PERFORMANCE

TTCM is proving its mission to be a trusted integrative health and wellness centre, offering its patients a wholesome healing alternative. As more people are becoming aware and have taken interest in Traditional Chinese Medicine, we are primed to provide care to our clientele beyond the services and facilities at our centre as we embark on developing, producing, packaging and marketing our own range of herbal medication and remedies. However, our revenue has been affected in the early stage of the MCO.

## MANAGEMENT DISCUSSION AND ANALYSIS



Thomson TCM aims to bring more awareness and pique interest in TCM by participating in public programmes.

Thomson TCM's practices are complementary to the medical doctors in the hospital, particularly in IVF treatments, providing holistic and comprehensive care.

### CHALLENGES

Despite gaining popularity, especially with attention received in the media, TCM has yet to attain the credibility and confidence it deserves and faces challenges involving quality, safety and authenticity of the herbal medicines and services. The rising costs of skilled manpower and resources will continue to weigh on the overall industry.

### STRATEGIES

TTCM's strategy focuses on expanding the business into new areas with treatments focused on women's health, fertility and children. In line with the Group's vision to build an integrated healthcare platform, TCM provides complementary health services to our patients with a holistic view of health. Our key differentiator lies in TTCM's team of highly skilled physicians whose practices combine Traditional Chinese Medicine ("TCM") philosophies with the latest technology and working closely with our medical doctors in the hospital, particularly in IVF treatments in providing holistic and comprehensive care. Our services adhere to the Group's high standards of quality, safety and infection control. Apart from services and facilities, we also aim to produce more products for sale both on-site as well as online.

### PROSPECTS

As TCM is becoming an essential part of the healthcare system, TTCM prides itself, as being part of an integrated healthcare group, in ensuring the highest quality of care and services provided. The rising costs of contemporary treatment and the possible side effects have also increased the attention and interest in traditional medicine and herbal remedies. In seeing the opportunity to explore new markets, products and services, including other complementary medicine services, the continuous development and launch of proprietary herbal products is timely and necessary, especially as we foresee the growing demand for TCM with the increased interests in maintaining health post Covid-19.

# SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

**TMC Life Sciences Berhad (“TMCLS” or “the Group”) is proud to present our third annual sustainability statement. Building upon our previous sustainability statement, we aim to provide more in-depth disclosures on how the Group has managed sustainability risks and opportunities, and how initiatives undertaken during the year under review have propelled the Group in achieving its vision of becoming the country’s integrated health system of choice.**

**This statement will disclose key details on how the Group has adapted its operations in light of the global coronavirus (“COVID-19”) pandemic. These initiatives are crucial in safeguarding TMCLS’s strong market presence during a period of volatility.**

TMCLS strongly believes incorporating sustainability in its overall strategy is essential for the provision of exceptional medical services and compassionate care for each of our patients and patrons.



**ECONOMIC**



**ENVIRONMENTAL**



**SOCIAL**

### Scope and Boundary

This statement provides disclosures which cover TMCLS’ key operations at Thomson Hospital Kota Damansara (“THKD”) for the reporting period starting 1 September 2019 to 30 June 2020, unless stated otherwise. This year, we have brought forward our financial year-end to 30 June 2020 in line with our ultimate holding company, Thomson Medical Group Limited. Therefore, data disclosed within this statement will only encompass a 10-month-long reporting period.

### Reporting Framework

TMCLS’ sustainability statement for this reporting period has been prepared in accordance with Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements, with reference to Bursa Malaysia’s Sustainability Reporting Guide (2<sup>nd</sup> Edition) and the Global Reporting Initiative (“GRI”) Standards – Core Option.

### Feedback

The Group welcomes our stakeholders to submit feedback pertaining to the contents of this sustainability statement. Using your feedback, we hope to enhance our initiatives and disclosures in the future. Feedback and queries may be submitted to:

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 Telephone : (+60)3 6287 1111  
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 No.1, Jalan PJU 5/1, Kota Damansara  
 47810 Petaling Jaya,  
 Selangor Darul Ehsan, Malaysia

# SUSTAINABILITY STATEMENT

## OUR APPROACH TO SUSTAINABILITY

### Our Commitment to the Global Agenda

In 2015, the United Nations introduced the Sustainable Development Goals ("SDG") under Agenda 2030 for Sustainable Development. These goals prompted widespread contribution to resolving global environmental and social inequalities whilst promoting economic growth. As a member state, Malaysia has incorporated these goals within the 11<sup>th</sup> Malaysia Plan (2016-2020) which outlines the nation's commitment to sustainable development.

As a responsible healthcare provider, we aim to contribute to the global and national agendas on sustainable development. Therefore, TMCLS has adopted four out of the 17 goals set out by the United Nations which align with our commitments and management of sustainability risks and opportunities.



# SUSTAINABILITY STATEMENT

SDG	Our Initiatives
 <p>Ensuring that the public has access to quality healthcare and improving health awareness are of utmost importance to us as a responsible healthcare provider. We commit ourselves to foster healthy living practices by providing educational talks and workshops for various communities.</p>	<ul style="list-style-type: none"> <li>• Implementation of QUASR incident reporting system</li> <li>• Obtained MSQH accreditation</li> <li>• Conducted weekly nursing and monthly infection control audits</li> <li>• Aligned practices with Medication Management &amp; Use Policy</li> <li>• Organised Pink October Project ("POP") 2019 to raise awareness on breast cancer among the public</li> <li>• Donated RM65,970 in flu vaccines to local communities</li> <li>• Conducted 39 educational health programmes for local communities</li> <li>• Established policies and standard operating procedures ("SOP") on the management of COVID-19</li> </ul>
 <p>Through the provision of top-quality healthcare products and services, we maintain healthy economic growth that allows us to continue to provide a conducive workplace for our employees.</p>	<ul style="list-style-type: none"> <li>• Direct economic value generated: RM207 million</li> <li>• Employee new hire and turnover rates of 17%</li> <li>• Provided a total of 27,402 training hours, with an average of 30 training hours per employee</li> <li>• Conducted employee engagement activities under Thomson SHINE</li> <li>• Provided employees comprehensive health benefits</li> </ul>
 <p>We recognise the importance of reducing our environmental footprint and have taken measures to ensure regulatory compliance and to monitor our environmental performance.</p>	<ul style="list-style-type: none"> <li>• Generated a total of 84.3 tonnes of clinical waste</li> <li>• Managed clinical waste according to THKD's six-step waste management system</li> <li>• Legally disposed of 100% of clinical waste generated</li> <li>• Co-organised Healthcare Waste Management Training with Kualiti Alam</li> <li>• Switched off air handling units daily during non-peak hours</li> <li>• Consumed a total of 5,378,386 kWh of electricity</li> <li>• Achieved energy intensity of 246 kWh/m<sup>2</sup></li> </ul>
 <p>We do not approve of unethical business practices and have established measures to ensure that we continue to operate with integrity. We protect our stakeholders through strong corporate governance.</p>	<ul style="list-style-type: none"> <li>• Established Code of Conduct and Whistle-blowing Policy</li> <li>• Conducted a total of eight hours of Code of Conduct Awareness programmes</li> <li>• Conducted training on Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018)</li> <li>• Recorded one incident of patient data mismanagement</li> </ul>

# SUSTAINABILITY STATEMENT

## Sustainability Governance

TMCLS established a sustainability governance structure to ensure sustainability is managed appropriately within our organisation. At the apex is the Board of Directors ("Board"). The Board is responsible for endorsing sustainability strategies and initiatives as well as providing the final approval for the Group's annual sustainability statement. Reporting to the Board is the Audit & Risk Management Committee ("ARMC"). The ARMC is mandated to advise the Board on sustainability initiatives and to oversee the implementation of these initiatives. Under the leadership of the ARMC is the Sustainability Committee ("SC") that is involved in the execution, tracking and monitoring of sustainability initiatives.



## Roles & Responsibilities

### **Board of Directors**

- Endorses proposed sustainability strategy and initiatives
- Provide final approval on contents

### **Audit & Risk Management Committee**

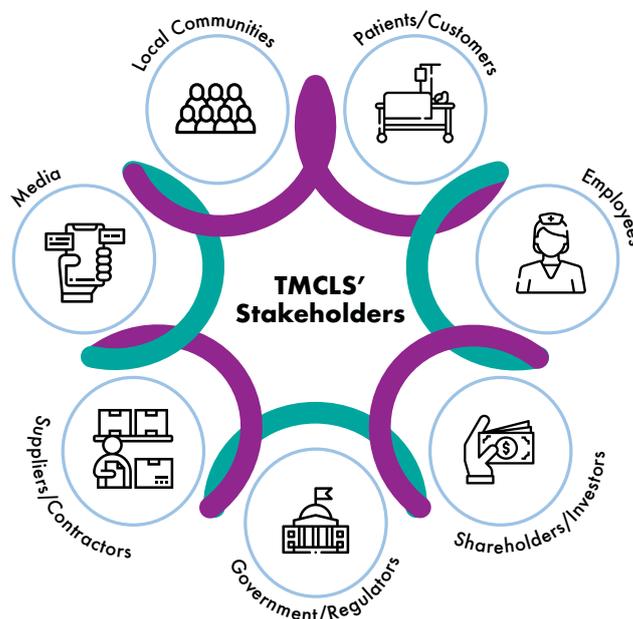
- Advise BOD on sustainability initiatives
- Oversee the implementation and progress of sustainability initiatives

### **Sustainability Committee**

- Identify material sustainability matters
- Implement sustainability initiatives
- Monitor sustainability progress

## Stakeholders Engagement

TMCLS defines its stakeholders as individuals or groups that have significant influence on the Group's ability to provide quality healthcare products and services, and those who have strong interest in its performance. Frequent engagement sessions are organised with our stakeholders to ensure that we remain cognisant of key stakeholder concerns and through their feedback, we are able to identify areas of improvement.



# SUSTAINABILITY STATEMENT

Stakeholders Group	Concerns Raised	Our Response
 <p><b>Patients/ Customers</b></p>	<ul style="list-style-type: none"> <li>• Healthcare service delivery</li> <li>• Customer privacy</li> <li>• Customer health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Customer surveys and feedback forms are distributed to obtain patient/customer feedback</li> <li>• Social media and digital platforms are utilised when needed to disseminate key information to patients/customers about key product and services available</li> </ul>
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>• Employee welfare</li> <li>• Occupational health and safety</li> <li>• Economic performance</li> <li>• Talent development and retention</li> <li>• Employee benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Executive Officer messages are distributed monthly to enhance internal communication and boost employee morale</li> <li>• Quarterly doctors' meetings are arranged to discuss manners to improve medical practice, patient care and safety</li> <li>• Face-to-face meetings are held annually to address key employee matters</li> <li>• Employee town halls are organised annually to promote engagement between employees and management</li> </ul>
 <p><b>Shareholders/ Investors</b></p>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Corporate governance</li> <li>• Expansion projects</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meetings ("AGM") are organised to discuss the Group's performance and future strategies</li> <li>• Extraordinary General Meetings ("EGM") are arranged when needed to deliberate urgent matters pertaining to the Group's performance, management or corporate compliance matters</li> <li>• Analysts meetings are held when requested to review financial performance of the Group and update on the future outlook of the Group</li> </ul>
 <p><b>Government/ Regulators</b></p>	<ul style="list-style-type: none"> <li>• Customer health and safety</li> <li>• Regulatory compliance</li> <li>• Clinical governance</li> <li>• Corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings are organised with regulators when needed to discuss regulations and compliance matters</li> <li>• Inspections are carried out when needed to ensure compliance to relevant laws and regulations</li> <li>• Electronic communications are utilised when needed to communicate latest developments and updates to relevant laws and regulations</li> </ul>
 <p><b>Suppliers/ Contractors</b></p>	<ul style="list-style-type: none"> <li>• Business integrity</li> <li>• Ethical procurement</li> <li>• Regulatory compliance</li> <li>• Customer health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Site meetings are held monthly to communicate and address matters pertaining to the Group's projects</li> <li>• Monthly joint inspections are performed to ensure supply chain best practice and compliance to relevant laws and regulations</li> <li>• Outsource provider meetings are organised monthly to discuss matters related to operations and to review performance</li> <li>• Vendor performance evaluations are conducted annually to evaluate vendors according to quality of goods, pricing and conditions of goods received</li> </ul>

# SUSTAINABILITY STATEMENT

Stakeholders Group	Concerns Raised	Our Response
 <p><b>Media</b></p>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Corporate governance</li> <li>• Customer health and safety</li> <li>• Corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly post-board meeting press conferences/releases are held to disseminate information and official decisions made during board meetings</li> <li>• Press interviews/events are arranged when needed to officially distribute information and address questions from the media</li> <li>• Advertising agencies are engaged when required to communicate product and service developments directly to existing and potential customers/patients</li> </ul>
 <p><b>Local Communities</b></p>	<ul style="list-style-type: none"> <li>• Health awareness</li> <li>• Community-based healthcare services and awareness</li> <li>• Safety and risk awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Social Responsibility ("CSR") programmes are organised throughout the period to give back to the communities we operate in</li> <li>• Board of Visitors meetings are scheduled bi-annually to discuss matters that affect the local community and involves key members of the community including businesses which operate within the community</li> <li>• Annual drills with local authorities are organised to ensure organisational preparedness for emergencies</li> <li>• Continuing medical education ("CME") programmes are organised when needed to educate the public and raise awareness on health management</li> <li>• Public forums are arranged when needed to engage local communities and disseminate key medical information</li> </ul>

# SUSTAINABILITY STATEMENT

## Our Sustainability Focus Areas

This year, TMCLS has identified four pillars of sustainability that encompass key operational areas on which our sustainability performance depends.



### Patient Care

As a conscientious healthcare provider, we prioritise patient-centric care and benchmark our performance against industry players and international standards. We also regularly welcome feedback to continuously improve our products and services.



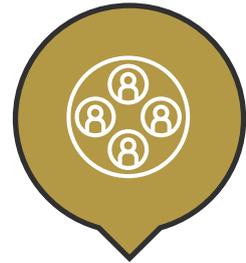
### Organisational Management

To safeguard sustainable business growth and organisational integrity, we ensure all facets of the Group uphold ethical business practices. We also maintain a conducive and safe workspace for our employees and offer competitive employment and development opportunities to talented individuals who contribute to the growth of TMCLS.



### Environmental Sustainability

At TMCLS, we aim to minimise our environmental impact and have undertaken various measures to achieve our aim. We monitor our environmental footprint and work to minimise unwarranted consumption of natural resources. We also manage our waste outputs to ensure that they do not negatively impact the environment and public health.

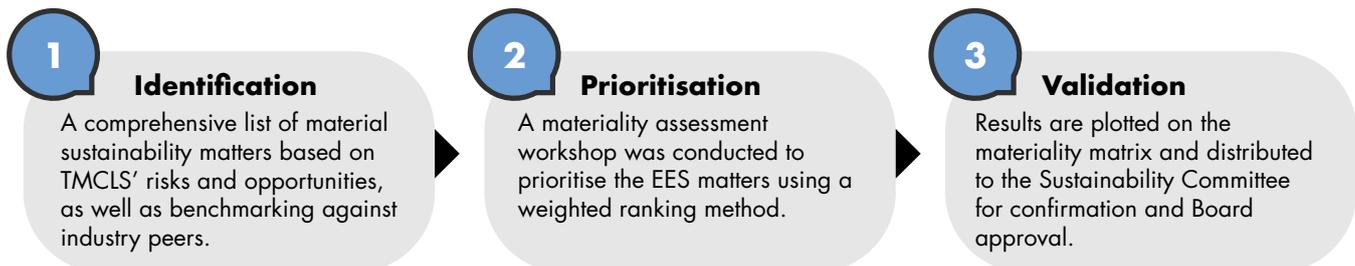


### Community Outreach

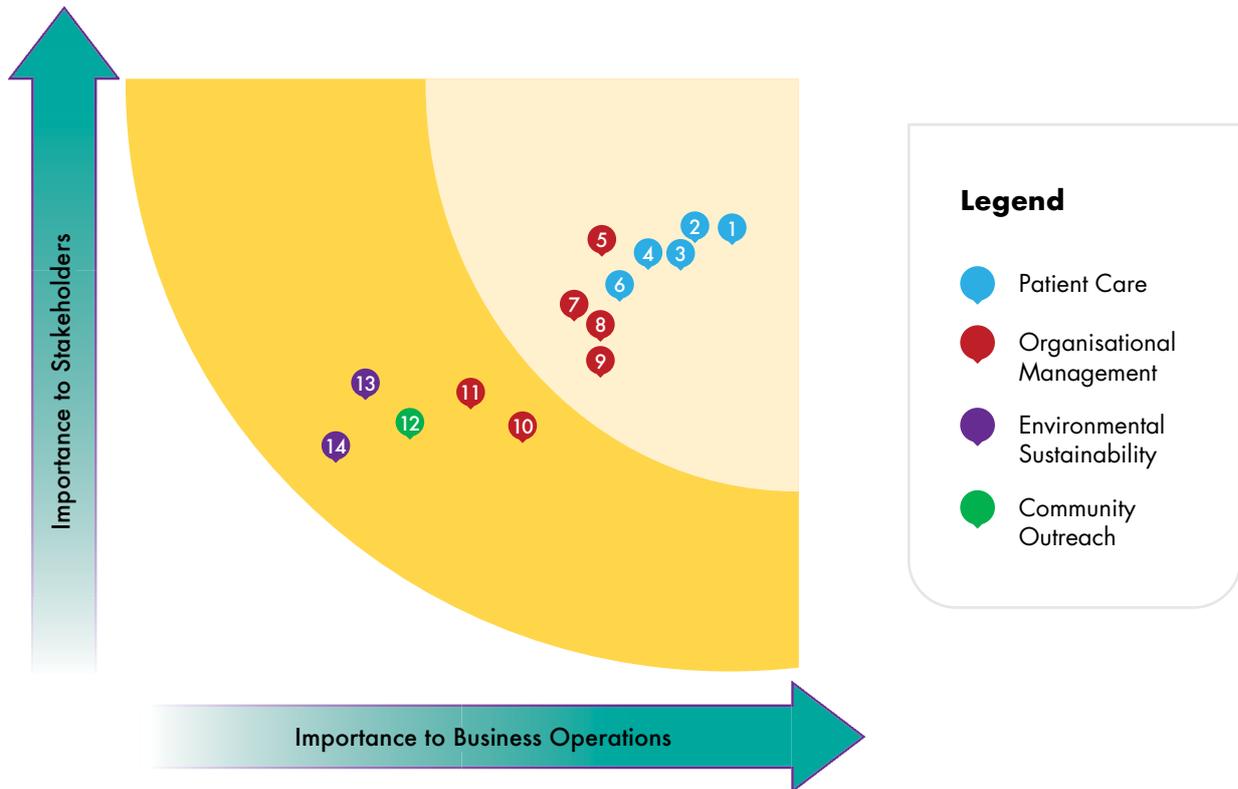
Our success is highly dependent on the communities we operate in. We always look for opportunities to give back to and empower these communities in hope that it fosters health-awareness among its members.

## Material Sustainability Matters

Last year, we conducted a materiality assessment and identified 14 material sustainability matters that were most significant to the Group. This year, we retained the material matters identified and prioritisation as they remain relevant to TMCLS. In addition, we have mapped our material sustainability matters according to our four sustainability pillars.



# SUSTAINABILITY STATEMENT

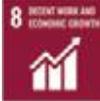


## MATERIAL SUSTAINABILITY MATTERS

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. Quality Healthcare</li> <li>2. Safe Healthcare Products &amp; Services</li> <li>3. Patient Privacy &amp; Confidentiality</li> <li>4. Responsible Medicine Management</li> <li>5. Ethics &amp; Integrity</li> <li>6. Patient Satisfaction</li> <li>7. Emergency Preparedness for Disease</li> </ol> | <ol style="list-style-type: none"> <li>8. Economic Performance</li> <li>9. Safety at the Workplace</li> <li>10. Talent Retention</li> <li>11. Human Capital Development</li> <li>12. Community Health &amp; Wellbeing</li> <li>13. Clinical &amp; Other Wastes</li> <li>14. Energy Conservation</li> </ol> |
|--|--|

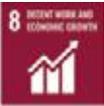
# SUSTAINABILITY STATEMENT

## Mapping Our Material Sustainability Matters

Material Sustainability Matters	Importance of Material Sustainability Matters	Sustainable Development Goal(s)
 <b>Patient Care</b>		
<b>Quality Healthcare</b>	Delivering top-quality healthcare products and services is of utmost importance to TMCLS. We ensure that our products and services are on par with current industry knowledge to achieve desired health outcomes.	
<b>Safe Healthcare Products &amp; Services</b>	TMCLS has a responsibility to ensure that the healthcare products and services provided do not compromise the health and safety of our patients and consumers. Stringent procedures and policies have been implemented to ensure that we do not obtain pharmaceutical and non-pharmaceutical products that may negatively affect our patients and customers.	
<b>Patient Privacy &amp; Confidentiality</b>	We uphold our patients' right to privacy. TMCLS has undertaken various measures and safeguards to ensure confidentiality and that patient information is not purposively or accidentally leaked.	 
<b>Responsible Medicine Management</b>	We strive to provide our patients with the best possible care, utilising our resources in an efficient manner to obtain best possible outcomes. Responsible consumption of medicine is crucial to protect patient immune systems and promote intended health outcomes.	
<b>Patient Satisfaction</b>	High patient satisfaction levels help build TMCLS' reputation for providing quality healthcare. This ensures long-term business sustainability.	 
 <b>Organisational Management</b>		
<b>Ethics &amp; Integrity</b>	TMCLS upholds organisational integrity by ensuring ethical business practices. We provide channels for our stakeholders to obtain information on the Group's behaviours and norms, and to report concerns about these matters.	 
<b>Emergency Preparedness for Disease</b>	TMCLS has established procedures and policies to ensure that our employees, patients and their families remain safe in case of an emergency.	

# SUSTAINABILITY STATEMENT

## Mapping Our Material Sustainability Matters

Material Sustainability Matters	Importance of Material Sustainability Matters	Sustainable Development Goal(s)
 <b>Organisational Management</b>		
<b>Economic Performance</b>	In safeguarding TMCLS' longevity as a healthcare provider, it is imperative that we react well to market trends. In doing so, we also safeguard shareholder interests and returns.	
<b>Safety at the Workplace</b>	Safety is pivotal in the healthcare sector. We regularly assess the workplace for potential hazards and risks, and have established procedures and policies to investigate and report workplace incidents.	
<b>Talent Retention</b>	Our employees are the driving force of TMCLS. It is crucial that we provide a conducive work environment for our human capital, offer attractive remuneration packages and equip them with the required skill sets to retain talent within the Group.	
<b>Human Capital Development</b>	To deliver a healthcare system of the highest quality, it is necessary that our employees remain aware of the latest development in healthcare. We invest in our employees and offer career growth opportunities to ensure that they continue to deliver excellence across all our operations.	
 <b>Environmental Sustainability</b>		
<b>Clinical &amp; Other Wastes</b>	Improper management of clinical waste can have adverse impacts on public health and the environment. We have in place procedures to ensure that TMCLS continues to dispose of waste appropriately.	 
<b>Energy Conservation</b>	The healthcare industry consumes large amounts of energy because of the nature of its operations. TMCLS continues to implement measures to minimise our environmental footprint by reducing energy consumption where possible.	
 <b>Community Outreach</b>		
<b>Community Health &amp; Wellbeing</b>	We invest in the communities we operate in to promote socio-economic development and improve livelihoods whilst creating awareness in public health.	

# SUSTAINABILITY STATEMENT



## PATIENT CARE



### Quality Healthcare

At TMCLS, we prioritise our patients above all. The provision of quality healthcare is imperative to the Group's sustainability as it is a determining factor in retaining and expanding our patient pool.

THKD has established a clinical governance structure to oversee and ensure the provision of quality care to our patients. As part of our commitment to good clinical governance and further streamlining our operations with the Incident Reporting and the Malaysian Patient Safety Goals established by the Ministry of Health ("MOH") of Malaysia, we implemented an enhanced reporting system designed for the healthcare industry, known as QUASR, in February 2020. This has improved transparency and identified gaps in our practice through Root Cause Analysis ("RCA"). Preventative measures identified assist in maintaining a conducive environment for the provision of quality healthcare services and products and safeguard patient health and safety.

#### Procedure for reporting incidents using the QUASR incident reporting system

Incident occurs and a report is submitted to the QUASR incident reporting system

An RCA is conducted to identify gaps in clinical practice that resulted in the incident

A presentation on the incident is given during Nursing Clinical Case Review within two weeks post-incident

Preventive measures are formulated by Nursing Supervisors from various wards to mitigate potential risks

Preventative training is provided to nursing staff to ensure that they are aware of latest best practices

In demonstrating our commitment to provide exceptional healthcare services, we undergo audits by accreditation bodies to ensure adherence to existing requirements and standards. THKD underwent a 36-month-long review in FY2020 by the Malaysian Society for Quality in Health ("MSQH") to resolve all identified clinical gaps. We are proud to disclose that THKD is one of the 15 private hospitals within the state of Selangor to have obtained MSQH accreditation.

Building upon our clinical governance structure and accreditations, group-wide quality audits are conducted throughout the year at all TMCLS operations to ensure that clinical practices are continuously monitored and that deficiencies in standards of care are remedied.

This year, we continued to conduct nursing audits. However, we increased the frequency of audits from monthly to weekly in FY2020. These audits are conducted by Clinical Instructors and Nursing Supervisors to identify gaps in our clinical practice.

To ensure our nursing staff are abreast with the latest developments in medicine and to address clinical gaps identified during nursing audits, we provide Continuous Nursing Education ("CNE") training. CNE training sessions are designed to allow for an average of 80 participants. All detailed training topics, objectives, methodology, feedback and reports are communicated to staff via email and the monthly e-newsletter, Bloom. This year, we increased the frequency of CNE training from monthly in FY2019 to thrice-monthly.

## SUSTAINABILITY STATEMENT

With the COVID-19 outbreak, monthly infection control audits are conducted to ensure employees follow best practices for infection control. This includes auditing employees and the work environment to ensure cleanliness and hand hygiene. Upon completion, results and reports are communicated to employees during Hospital Antibiotic & Infection Control Committee ("HAICC") meetings, monthly nursing meetings and through email. Furthermore, all new clinical staff must undergo training provided by infection control link staff to ensure that they are aware of procedures established to control and minimise the spread of infectious diseases within THKD, thus maintaining a conducive environment for the provision of quality healthcare. Our link staff is responsible for implementing and monitoring infection control policies and procedures within their respective departments. They also collect and analyse data related to infection control and spread within each department, as well as provide educational talks and training to motivate employees to improve practices.

### Responsible Medicine Management

To provide our patients with the best quality of healthcare services, poor management of medicines must be avoided at all costs. Improper usage of medicines can have adverse impacts on patient health as well as incur unwarranted costs. Therefore, TMCLS advocates rational use of medicine and does so by adhering to relevant laws and regulations, and implementing various measures.

A Medication Management & Use Policy was established by TMCLS to provide an outline of how pharmacotherapies should be managed to ensure effectiveness and efficiency. Currently, the policy is implemented hospital-wide at THKD.

Before prescribing medication to our patients, our medical practitioners and pharmacists at THKD take into consideration factors such as patient age, gender, existing medical conditions, potential drug interactions and negative side effects of drugs. Once an appropriate medicine has been identified, prescriptions are labelled with information on dispensing methods, strength and dosing frequency, and duration and quantity, before being filled. For selected medicines such as psychotropic drugs, at least two medical practitioners, one being a pharmacist, are required to recheck the prescription before dispensing medicines to patients.

As stipulated by MOH, only medical practitioners registered under the ministry are legally qualified to prescribe selected medicines to patients, whereas other medicines can be prescribed by a non-registered medical staff with supervision from a registered pharmacist.

In situations where adverse drug reactions occur, a medical officer is required to submit a Report on Suspected Drug Reactions to the Pharmacy Department that will report the incident to MOH. To minimise the occurrence of such incidents, we keep detailed records to avoid recurrence and to keep employees updated. We also educate our patients on rational use of medicines and self-medicating practices, and provide them with channels to communicate concerns and questions to our medical staff.

In recent years, antimicrobial-resistance has become more prevalent due to misuse of antimicrobial drugs. THKD subscribes to the Antimicrobial Stewardship ("AMS") programme developed by MOH. Initiatives under the AMS programme were carried out in FY2020 under the purview of HAICC, supported by the Drugs & Therapeutics Committee ("DTC"). Measures undertaken include active tracing of Carbapenem<sup>1</sup> utilisation across clinics; every prescription of Carbapenem is re-evaluated within 72 hours by the Pharmacy Department and recommendations on how prescriptions can be improved are communicated to relevant medical staff.

Furthermore, all data and recommendations pertaining to medicine management practices are regularly discussed by the HAICC, DTC and the Medical & Dental Advisory Committee ("MDAC") during their meetings. This is done to ensure uniformity across operations and to address underlying concerns our medical practitioners may have on the rational use of medicines.

In addition to the mentioned measures, THKD conducted various awareness campaigns in FY2020 to continuously educate employees and members of the public on responsible management and use of pharmacotherapies.

<sup>1</sup> Carbapenem is a type of highly effective antibiotic used to treat acute bacterial infections and is commonly used as a last resort.

# SUSTAINABILITY STATEMENT

Awareness Programme	Date
THKD World Antibiotic Awareness Day	18 November 2019
Asthma Management & Smoking Cessation	9 December 2019
Antimicrobial Stewardship Newsletter	4 June 2020

## Safe Healthcare Products & Services

It is vital that products procured by TMCLS adhere to relevant laws and regulations and undergo strict screening processes. This is to ensure we continue to provide our patients with the safest healthcare products and service options in the market.

Under THKD's Medication Management & Use Policy, all pharmaceutical products purchased are required to undergo a strict procurement process, which is supported by investigational studies which prove the efficacy and safety of a given product. Vendors engaged are also required to have the relevant licenses that permit them to manage the sale of pharmaceutical products in Malaysia.

Furthermore, all medicines purchased by TMCLS are required to be registered with the National Pharmaceutical Regulatory Agency ("NPRA") and bear a verification code and hologram. Under special circumstances, we may purchase unregistered medicines if required by our doctors. However, a request form must be submitted to MOH and upon approval, an Import Permit must be issued before obtaining the product.

TMCLS has also established a Procurement Policy and product evaluation procedure for the purchasing and screening of non-pharmaceutical products including medical devices. Medical devices obtained must be registered with the Medical Device Authority ("MDA"). Devices include instruments, machines, and all materials that are intended to be used on human beings for medical reasons. This is to ensure that the safety and wellbeing of our patients are not compromised at any stage of treatment.

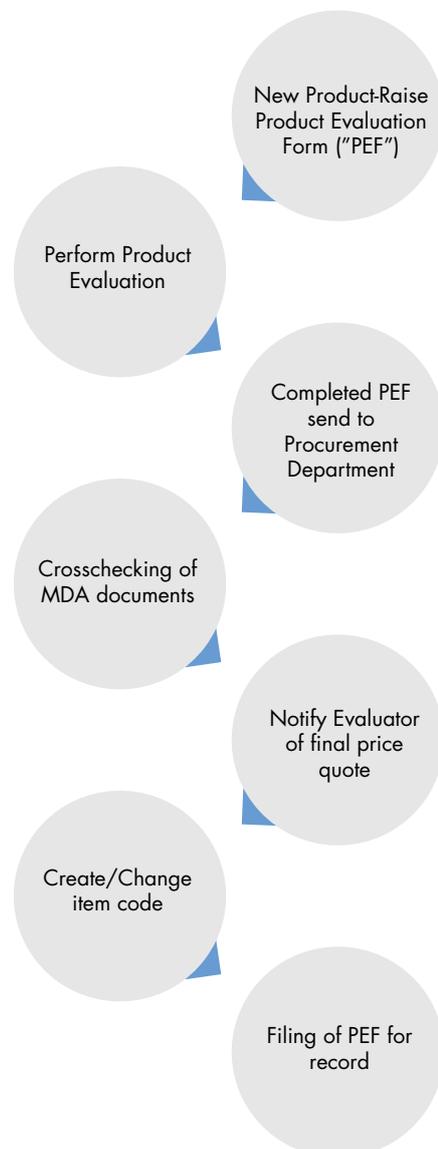
In FY2020, 100% of products procured were screened according to the established procedures and policies.



# 100%

of products procured in  
FY2020 were screened

## THKD's Product Evaluation Procedure



# SUSTAINABILITY STATEMENT

## Patient Satisfaction

Patient satisfaction plays an important role in promoting TMCLS' sustainability in the healthcare industry as highly satisfied patients are more likely to return to seek necessary treatment at our facilities. Therefore, it is of utmost importance that we continuously ensure our patients are satisfied with our healthcare products and services.

We are looking to continuously improve our customer service and satisfaction levels. This was done in FY2020 through the enhancement of our product and service offerings to meet patient demands under the 'new normal', a consequence of the COVID-19 pandemic.

**THOMSON HOSPITAL**  
KOTA DAMANSARA

### DRIVE THRU Covid-19 Test Updates

- Monday - Friday : 8am - 8pm
- Saturday & Sunday : 8am - 2pm
- Cost : **RM350** nett per test
- By appointment ONLY**
- Receive results in : **4-5 days\***

\*may vary depending on accredited lab turnaround time

Make your appointment.  
Visit: <https://bit.ly/ZwOheLl> or scan QR code

Group screening at special rate 📞 +6018-211 1175

**MedEx (Medication Express)** **THOMSON HOSPITAL**  
KOTA DAMANSARA

### DRIVE THRU MEDICATION DISPENSING & HOME DELIVERY OF MEDICATION

- A valid prescription from any registered medical practitioner in Malaysia is required for both services.
- Enjoy 20% discount for all medications from our Outpatient Pharmacy until 31<sup>st</sup> October 2020.
- Drive Thru Medication Dispensing is available Monday - Friday, 2pm - 6pm (except on public holidays).
- Free delivery in Peninsular Malaysia with purchase of RM50 and above in one bill.
- Enquiries and requests for both services will be attended to on Monday - Friday, 9am - 6pm (except on public holidays). Enquiries outside of the stipulated time will be attended to on the following working day.

\*Terms and conditions apply for both services.

To make enquiries/requests 📞 WhatsApp +6018-2111 929

**THOMSON HOSPITAL**  
KOTA DAMANSARA

### DRIVE THRU FLU VACCINATION PACKAGE

Promotion Price  
**RM75.00** nett  
Original Price RM105.00  
\*Valid until 31<sup>st</sup> May 2020

- Applicable to flu vaccinations for **ADULTS** only.
- Package includes:  
Influenza Vaccine | Vaccine Procedure Fee | Registration Fee
- Monday - Saturday: 8am - 2pm
- By appointment only. Book your appointment via WhatsApp and we will respond to you during office hours.

Book your appointment : 📞 WhatsApp +6018-2111 083

**THOMSON HOSPITAL**  
KOTA DAMANSARA

### DRIVE THRU VACCINATION FOR ADULTS

- By appointment only. Book your appointment via WhatsApp and we will respond to you during office hours.
- Drive Thru :  
Mon - Fri : 9:00am - 10:30am  
Sat : 10:30am - 12:00pm
- The 'Adult Flu Vaccination Package' promotion for **RM75.00** nett is valid until 30<sup>th</sup> June 2020. Terms & Conditions apply.
- The management reserves the right to refuse or reject any patients upon their discretion or if deemed unsuitable for Vaccination via Drive-Thru.

Book your appointment : 📞 WhatsApp +6018-2111 083

Our updated products and services include tele-consultation and drive-thru services, such as THKD's Drive-Thru COVID-19 Testing, Drive-Thru Dispensing & Home Delivery of Medication Services, Drive-Thru Flu Vaccination Package, Drive-Thru Adult Vaccination Package, and Drive-Thru Blood Draw & Go Service.

To ensure that we are meeting patient expectations, we distribute customer feedback forms to gauge patient expectation levels, identify areas that require improvement and respond accordingly. THKD utilises the Net Promoter Score ("NPS") as a tool to gauge customer satisfaction levels. As a result of the measures undertaken to adapt our operations to the 'new normal', we obtained an average NPS score of 93.2%, an increase from 91.7% in FY2019.



NPS for FY2020 : 93.2%  
FY2019 : 91.7%

# SUSTAINABILITY STATEMENT

## Patient Privacy & Confidentiality

As we live in an era of digitisation, the healthcare industry has become highly dependent on technology to conveniently manage and store patient data. Although it has improved the efficiency and accessibility of data storage, it is not without its risks. Therefore, we make every effort to protect patient data, medical records and other sensitive information stored on our platforms. In doing so, we continue to build trust and strengthen relationships with our stakeholders.

In accordance with the Personal Data Protection Act ("PDPA") 2010, TMCLS has established the following group-wide policies to ensure appropriate management of data across our operations. These policies provide an outline for our employees on best practices for managing sensitive information.

1. Personal Data Protection Security Policy
2. Personal Data Retention and Destruction Policy
3. Personal Data Access Request Policy
4. Personal Data Correction Request Policy
5. Personal Data Disclosure Policy
6. TMCLS Intra-Group Data Sharing Policy

THKD has in place a Hospital Information System ("HIS"), an integrated electronic platform for staff to schedule appointments, manage bill payment, administer medication and manage inventories. The system integrates our finance, laboratory and radiology information systems in order to improve the overall efficiency of our healthcare services.

Though we closely monitor our records and have taken proper precautions to ensure only selected employees have access to our data systems, data breaches can still occur. Therefore, we continued to conduct quarterly audits on customer privacy and annual audits on cybersecurity in FY2020 to ensure that our data security system remains resilient against cyber-attacks and accidental leaks are avoided. It is the responsibility of our IT Department to carry out regular reviews to ensure that cybersecurity measures are implemented and sensitive information is protected adequately.

This year, we recorded one incident of patient data mismanagement. Steps were taken to identify causes and measures were undertaken to resolve the matter.



## ORGANISATIONAL MANAGEMENT



## Ethics & Integrity

Ethical business practices are important in safeguarding TMCLS' organisational integrity, fostering trust amongst our stakeholders and securing long-term support. At TMCLS, it is imperative that we maintain the highest level of professional behaviour in all aspects of our operations.

TMCLS has established a Code of Conduct ("Code") in FY2020 that is accessible through the Group's intranet and corporate website. The Code outlines the Group's core values and expected standards for ethical business practices which are also disclosed in the employee handbook. New employees undergo a General Orientation programme which aims to ensure that they are made aware of the level of professionalism expected, as illustrated by relevant policies, during their tenure at TMCLS. Additionally, the group-wide Code of Conduct Awareness programme was introduced to raise awareness among employees. As of June 2020, we have conducted four sessions, each lasting two hours.



**Code of Conduct  
established on  
18 March 2020**

Within the Code, we incorporated a section on anti-corruption standards. Upon its implementation, we engaged with external law firms to conduct training on anti-bribery and corruption compliance and Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment 2018), which came into force on 1 June 2020. Attendees of the training included the Group's directors, managers, supervisors and executives. In April 2020, we completed a corruption risk assessment to identify areas within the organisation that are vulnerable to corruption and have taken measures to address detected areas of risk. Matters relating to anti-bribery and corruption compliance and Section 17A of the MACC Act 2009 are communicated to non-executives through the Code of Conduct Awareness programme.

## SUSTAINABILITY STATEMENT

To ensure good governance throughout our operations, we have in place a Whistleblowing Policy and Procedure to provide our employees and the public a channel to report improper conduct within the Group. Improper conduct includes, but is not limited to corruption, commission of fraud, unauthorised use of the Group's resources, and non-compliance with the Group's policies and procedures. Whistleblowers from the public can raise their issues by submitting official reports to the Chairman of the Audit Committee. On the other hand, employees are encouraged to report such cases to their respective supervisors; however, if the whistleblower is unsatisfied with how the matter is dealt with, the issue can be raised to the Chairman of the Audit Committee. Throughout the process, the identity of the whistleblower is kept confidential in order to protect the individual from repercussions.

### Economic Performance

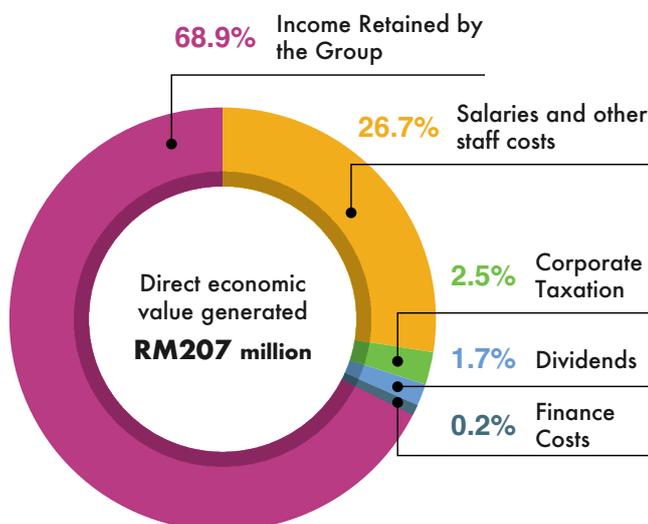
In order to safeguard sustainable business growth, it is vital to have strong financial performance. This year, TMCLS' operations were significantly affected by the global COVID-19 pandemic. Visits to our hospital decreased during the early stages of the Movement Control Order ("MCO") which was enforced by the Federal Government of Malaysia.

To ensure business resilience, we developed austerity measures to reduce spending and conserve as much funds without compromising the quality of our products and services. A Cash Conservation Management Office, consisting of several heads of departments, has been established to proactively conserve cash, control costs and defer capital expenditure.

In addition, TMCLS capitalised on the numerous economic aid initiatives established by the relevant governing bodies. This includes:

Aid and Incentives	
National Economic Recovery Plan (PENJANA)	<ul style="list-style-type: none"> <li>Wage subsidy ranging between RM600 and RM1,200 per employee per month for three months</li> </ul>
Human Resources Development Fund ("HRDF") levy exemption	<ul style="list-style-type: none"> <li>Human Resources Development Fund ("HRDF") levy exemption from March to August 2020</li> </ul>
Bursa Malaysia's Stimulus Package 2020	<ul style="list-style-type: none"> <li>2020 listing fee waiver of RM41,930</li> </ul>

Despite the challenges faced in FY2020, we have generated a total economic value of RM207 million. This value was distributed as follows:



More information on the Group's financial performance can be found on pages 102 to 160 of this annual report.

# SUSTAINABILITY STATEMENT

## Emergency Preparedness for Disease

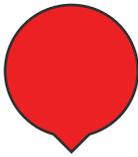
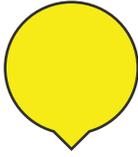
As a responsible healthcare provider, we are geared to counter emergencies that may arise and ensure our patients, their families and our employees are not placed in compromising situations.

At THKD, our Emergency Department operates 24 hours a day and consists of 10 doctors, 25 nurses and an ambulance service that is readily available in the event of an external emergency. Drills are conducted to ensure employees are aware of procedures during an emergency and to identify areas of improvement.

On 31 October 2019, we conducted the Kota Damansara Disaster and Response Exercise ("KD DiREx 2019") with participation from 17 government and non-government organisations. The simulated scenario was of a vehicle collision involving two cars and a bus, resulting in 27 victims. During the hour-long drill, we implemented THKD's Emergency Response Plan ("ERP") which utilises colour codes to identify the type of emergency that has occurred and its management approach. The simulated scenario was categorised under Code Yellow, Disaster Alert, for the duration of the drill.

The ERP can also be applied to various in-hospital emergencies that can potentially lead to a partial or general evacuation of the facility. Various colour codes were developed to identify emergencies and their respective management approaches. Employees are made aware of the procedures and annual drills are conducted to safeguard organisational readiness.

### Emergency Response Plan ("ERP") Colour Codes

	Medical Emergency		Baby Abduction
	Fire Emergency		Bomb Threat
	Disaster Alert		Aggressive or Threatening Behaviour
	IT Emergency		

## Managing COVID-19

This year, COVID-19 largely impacted the Group. THKD has evolved with the changing environment and adapted our procedures to safeguard continuous operations during turbulent times.

In adherence to regulations and guidelines issued by the Government of Malaysia, we established policies and standard operating procedures ("SOP") to prevent and control the spread of COVID-19 within our hospital. SOPs that were established include compulsory temperature screening upon entry to THKD's premise, the restriction of visitors in line with MOH guidelines and display of informative posters around the hospital.

THKD also established a COVID-19 Task Force consisting of key individuals from management, selected departments, as well as the infection control team. The responsibilities of the task force include:



Reviewing and ensuring organisation-level policies and procedures are updated in accordance to relevant regulations and guidelines;



Ensuring the availability of necessary protective equipment; and



Developing guidelines, conducting training and mock drills in collaboration with the Education Department of THKD.

# SUSTAINABILITY STATEMENT

## Laboratory Readiness

Given that testing is crucial for characterising the prevalence, spread and contagiousness of COVID-19, THKD conducted COVID-19 Rapid Test Kit (“RTK”) Antigen and Polymerase Chain Reaction (“PCR”) swab tests through our Drive-Thru COVID-19 Testing programme. We have also undertaken measures to ensure laboratory readiness to process tests in a timely manner.

THKD labs are equipped to run in-house processing of COVID-19 RTK Antigen tests and lab personnel are trained to ensure literacy of the process. We also engaged with external MOH-approved laboratories to process COVID-19 PCR tests obtained during our drive-thru screenings.



Engaged with MOH approved labs to process COVID-19 PCR tests

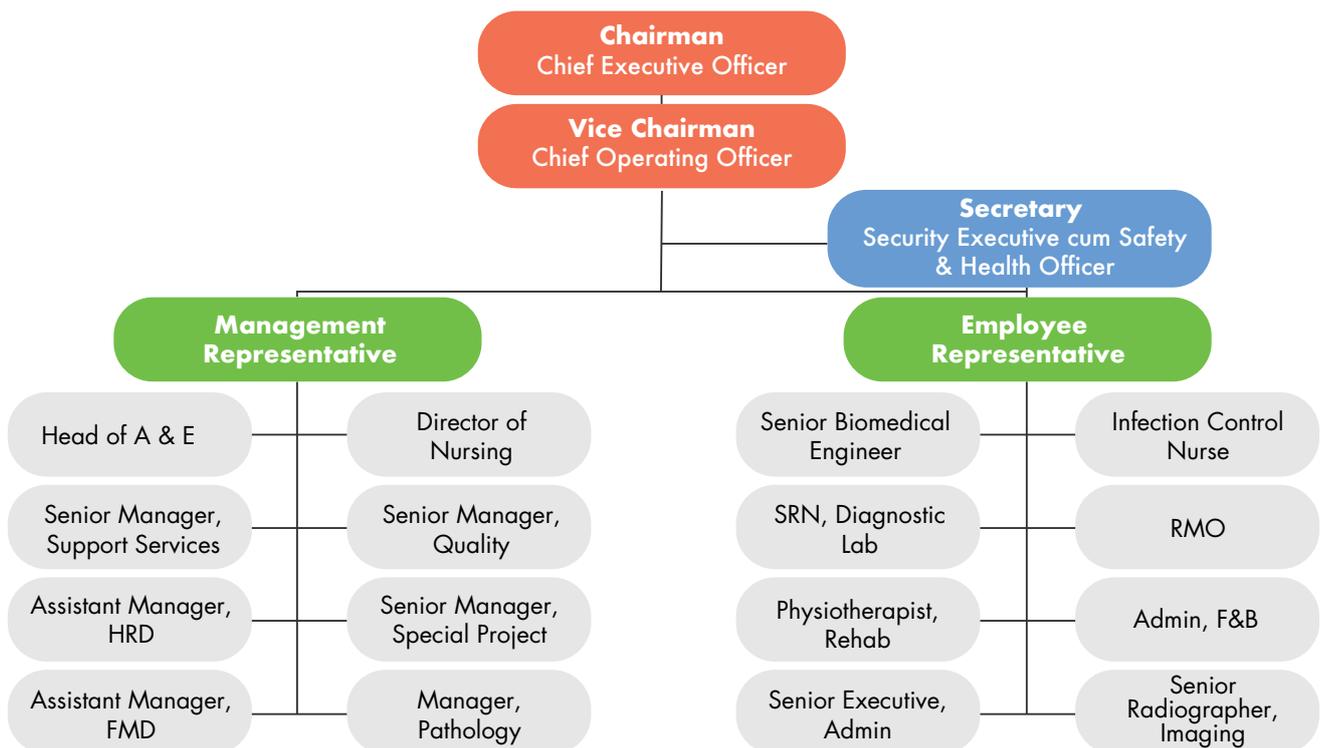
## Safety at the Workplace

At TMCLS, we acknowledge that individuals working in the healthcare industry are at risk of contracting diseases and illness due to the nature of their roles and responsibilities. As a responsible employer, it is our duty to ensure that our employees are provided a safe and conducive workplace for them to perform efficiently and to the best of their abilities. Therefore, we have undertaken various initiatives to ensure that our employees, clinical and non-clinical, remain safe on the job.

THKD established a Safety, Health and Environment (“SHE”) Policy that outlines our commitment to protecting the safety and health of the Group’s stakeholders, including our employees. Furthermore, we continue to conduct annual Hazard Identification Risk Assessment Risk Control (“HIRARC”) assessments to identify potential risks and hazards at the workplace, analyse their magnitudes, and undertake appropriate measures to minimise the occurrence and impacts of these risks and hazards.

In addition, we have an Occupational Safety, Health and Environment (“OSHE”) Committee to manage occupational safety and health at THKD. The OSHE committee is responsible for maintaining a conducive workplace by reducing and managing workplace hazards and incidents appropriately. As part of their responsibilities, the OSHE committee established the Environment of Care Plans which address a plethora of occupational safety and health-related areas, including emergency management, fire safety, and hazardous materials, among others. The committee is responsible for reviewing established procedures to ensure that they meet the objectives of the Environment of Care Plans to minimise occupational hazards and risks.

### Occupational Safety, Health and Environment Committee



## SUSTAINABILITY STATEMENT

This year, the spread of COVID-19 has proven to be a substantial risk to employee health and well-being, not just in the healthcare industry but in all industries. We adhere to regulations and guidelines that have been established by the Government of Malaysia pertaining to the management of COVID-19. This includes the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations 2020.

Below are initiatives undertaken to safeguard employee health and safety during the COVID-19 pandemic:



### Policies established to manage the spread of COVID-19

Management of Healthcare Worker Potentially Exposed to COVID-19

Management of COVID-19 Patient Coming from Emergency Surgery



### Employee wellbeing

Mental health support groups

Employees encouraged to take annual leave for stress relief



### Monthly training programmes

Management of occupational safety and health

Control and prevention of infectious disease (COVID-19)



### Changes to employees' work arrangements

Work from home on alternate days

Reduction of working hours

Restricted overtime work, work on rest days and public holidays

In addition, we increased the total number of infection control link staff this year. We conducted our yearly 3-day-long Infection Control Link Staff course to educate employees on infection control best practices, and the subject of infection prevention and control has been incorporated with the General Orientation programme for new staff. It is crucial that new employees are aware of THKD's commitment to infection prevention, and the hazards resulting from the mismanagement of infectious diseases.

	FY2018	FY2019	FY2020
<b>Injury Rate</b>	1.03	0.9	0.18
<b>Occupational Disease Rate</b>	1.54	1.41	0
<b>Lost Day Rate</b>	49.57	56.23	45.58

We are pleased to disclose that we have reduced our injury rate and lost day rate for FY2020 compared to FY2019. Additionally, we have managed to achieve an occupational disease rate of zero. These results were achieved through increased awareness on safety practices among our employees, fostered by the various training programmes organised and good governance of the OSHE committee. We also note that hours worked and incidents recorded for FY2020 are fewer than in FY2019 as we have excluded the months of July and August 2020 in light of the Group's decision to bring forward the financial year end.

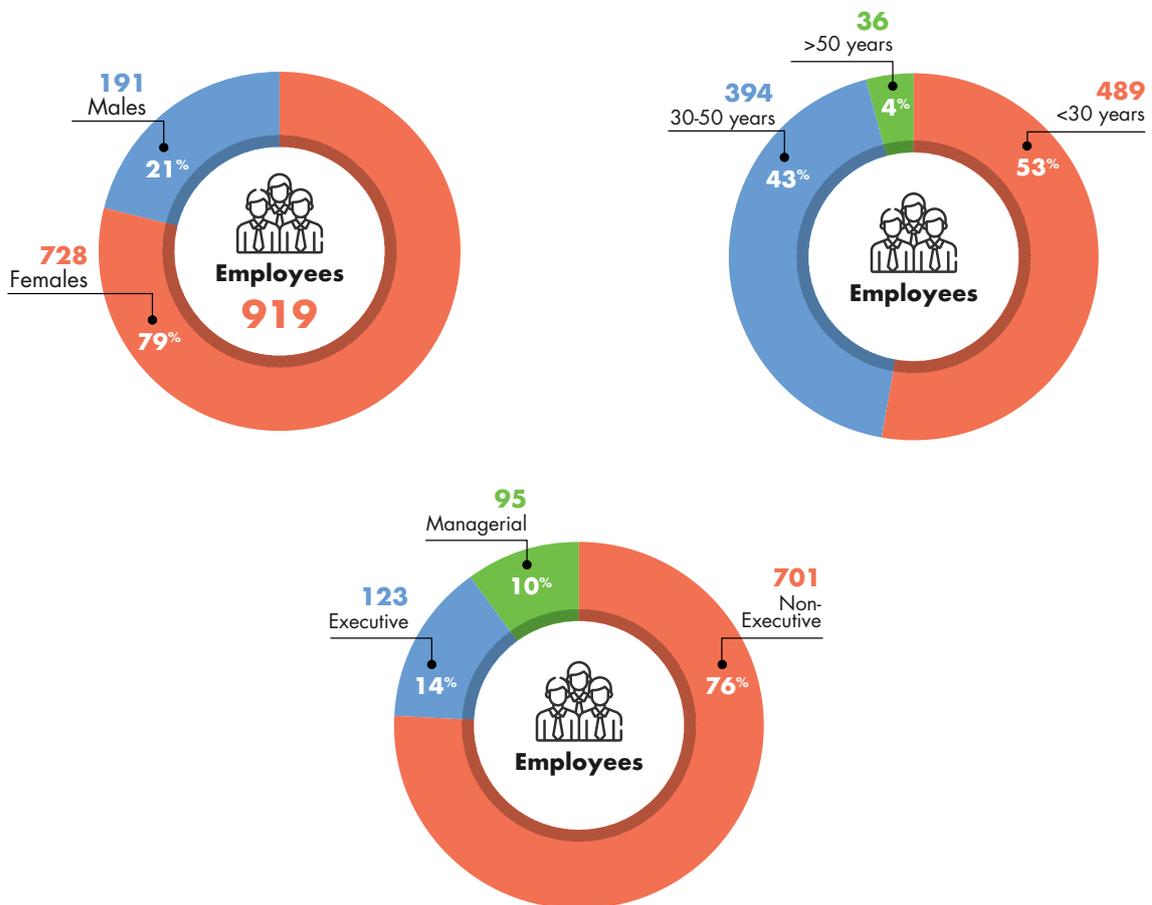
# SUSTAINABILITY STATEMENT

## Talent Management

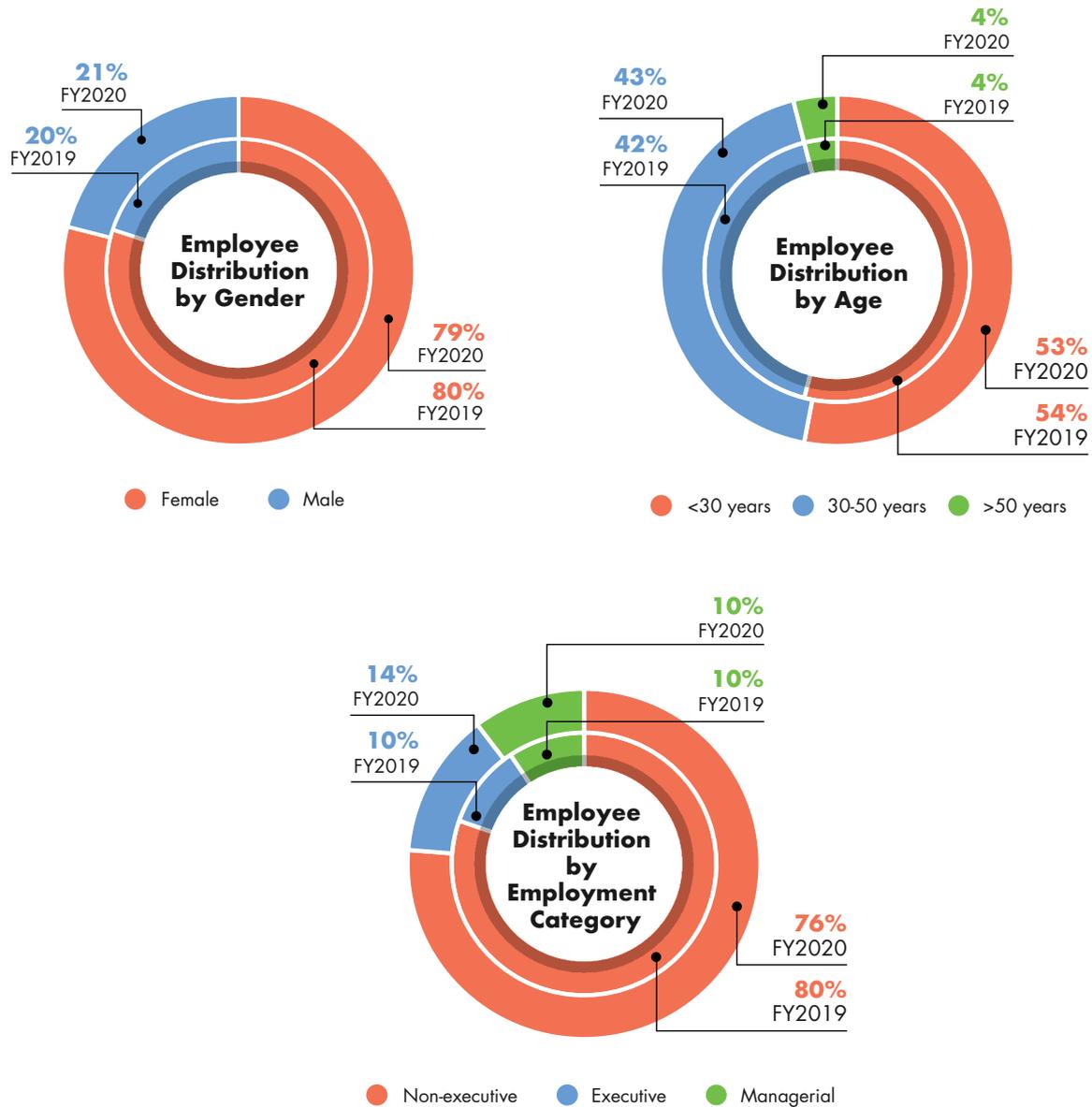
### Diversity and Inclusivity

At TMCLS, employees are the backbone of our organisation and the driving force of our success as a healthcare provider. We believe that diversity contributes positively to the Group’s creativity, industry insight and productivity, and also creates an attractive working environment. Therefore, we avoid discriminatory hiring practices and provide individuals with employment and career development opportunities regardless of their age, gender, race or nationality.

**TMCLS’ Employee Distribution and Diversity for FY2020**



# SUSTAINABILITY STATEMENT

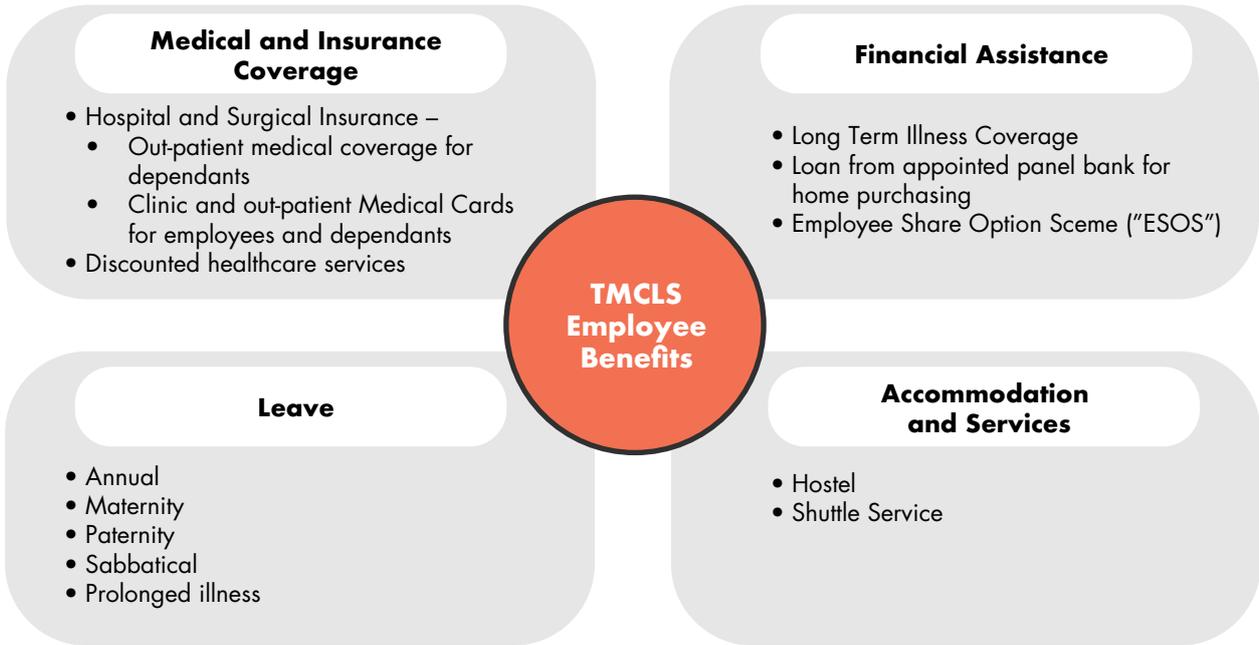


Considering the nature of the healthcare industry, it is unsurprising that our workforce is female-dominated, with 79% of our employees being female and the remaining 21% being male. Our workforce is also relatively young as a large majority are aged below 30 followed by those aged from 30 to 50 years with each age group making up 53% and 43% of the total workforce respectively. The non-executive working group is the largest employment category, comprising 76% of our workforce followed by the executive working group which is approximately five times smaller than the non-executive working group. The managerial working group, made up of 94 Malaysians and one foreign individual, is the smallest group within the organisation. Overall, our employee distribution for FY2020 has remained consistent with distribution recorded in FY2019.

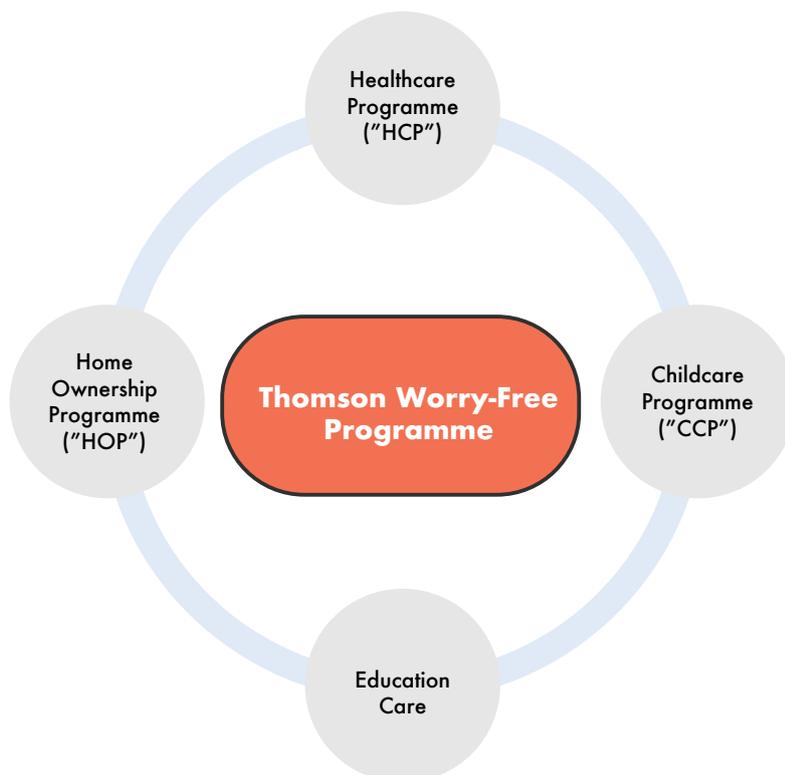
# SUSTAINABILITY STATEMENT

## Employee Benefits

Employees are a valuable asset to TMCLS and we ensure that we look after their well-being by providing them with competitive benefits. Our competitive wages along with these benefits allow us to attract and retain talented individuals, contributing to TMCLS' success.



In addition to the above benefits, TMCLS has established a Group-wide programme known as Thomson Worry-Free Programme. This programme aims to alleviate financial stresses our employees may face and to keep them happy. Under the programme, we provide assistance to our employees in four key areas of their lives: home ownership, healthcare, child care and education.



# SUSTAINABILITY STATEMENT

## Parental Leave

The Group supports employees who are looking to start families or have more children by providing them with parental leave. This improves the ability of our employees to manage workplace and personal needs.

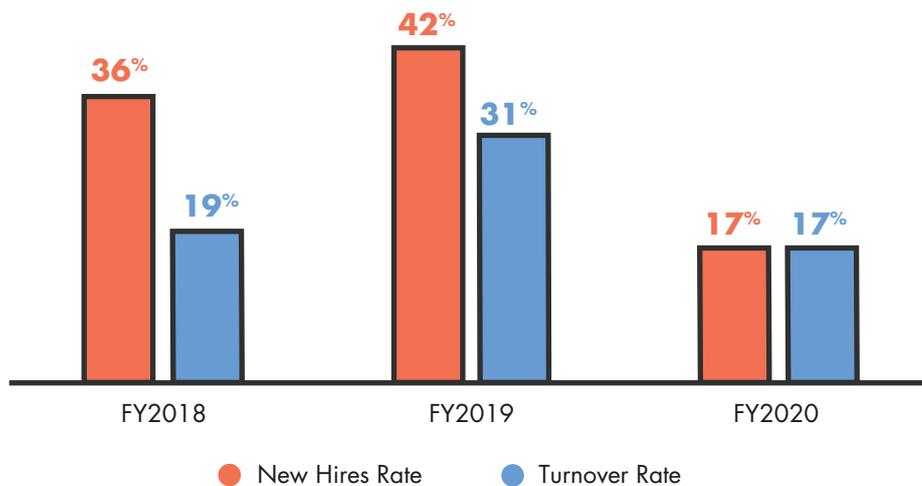
### Number of employees that took parental leave in FY2020



## Retaining Talents

TMCLS provides employment opportunities to talented individuals who look to develop their careers in clinical and non-clinical positions. During the MCO, employee recruitment was conducted online via job portals and social media websites in accordance with guidelines established by the authorities to prevent the spread of COVID-19. In FY2020, we achieved a new hire rate and employee turnover rate of 17% each. Through competitive remuneration and benefits, we have significantly reduced employee turnover from 31% in FY2019 to 17% in FY2020.

### TMCLS' Employee New Hires Rate and Turnover Rate



# SUSTAINABILITY STATEMENT

New Employee Hires	FY2018	FY2019	FY2020
<b>Gender</b>			
Male	61	74	33
Female	217	283	121
<b>Age</b>			
Below 30 years	176	232	81
30 to 50 years	99	117	66
Above 50 years	3	8	7
<b>Total</b>	<b>278</b>	<b>357</b>	<b>154</b>

Employee Turnover	FY2018	FY2019	FY2020
<b>Gender</b>			
Male	47	47	23
Female	158	217	128
<b>Age</b>			
Below 30 years	111	146	76
30 to 50 years	86	114	67
Above 50 years	8	4	8
<b>Total</b>	<b>205</b>	<b>264</b>	<b>151</b>

We are committed to becoming an employer of choice by safeguarding a conducive work environment and ensuring our employees are taken care of.

## Employee Engagement

Employee engagement is an effective tool that fosters and strengthens relationships at the workplace and creates a positive working environment. This year, we organised a plethora of engagement activities under Thomson SHINE, our employee-driven engagement programme. This includes:



Deepavali celebrations held on 14 November 2019



TMC Life Sciences Annual Dinner held on 2 November 2019

# SUSTAINABILITY STATEMENT



Christmas celebrations held on 17 December 2019



Chinese New Year celebrations held on 6 February 2020



SHINE Appreciation Lunch held on 25 February 2020



Durian Feast 2020 held on 26 February 2020



## SUSTAINABILITY STATEMENT

We also promote employee engagement through our monthly e-newsletter, Bloom. The e-newsletter was established in FY2018 to recognise employees for their achievements and to tell their stories. In FY2020, we gave it a fresh new look and revamped it to include more stories, pictures and contests.

With the MCO limiting employee movement and engagement activities, Bloom (circulated via email and WhatsApp) became an important tool for building and strengthening employee relations during such tumultuous times.



### Talent Development

In the year under review, we continued to conduct training and development programmes for our employees to further enhance their knowledge and skills. Investing in the development of our employees is crucial in sustaining the Group's growth and success.

Despite COVID-19 and the global situation, we have continued to provide our employees with opportunities to develop their knowledge and learn new skills. We utilised online platforms such as Microsoft Teams that allowed us to keep in contact while minimising face-to-face interactions.

Heads of department ("HOD") and supervisors were given training on how to utilise these online platforms and were tasked with educating their subordinates on how to do so to ensure that training sessions were conducted properly. Once a training programme is completed, employees are required to complete an online feedback form. This was done to capture attendance as well as obtain feedback to identify effectiveness of programmes and areas that require improvement.

The Group invested RM298,530 in training programmes for our employees during this reporting period, resulting in 27,402 training hours.

	FY2018	FY2019	FY2020
<b>Amount Invested in Talent Development (RM)</b>	800,000*	532,174	298,530
<b>Total Training Hours</b>	27,206	31,108	27,402
<b>Average Training Hours per Employee</b>	34	34	30
<b>Average Training Hours by Gender</b>			
Male	31	37	24
Female	33	34	32
<b>Average Training Hours by Employment Category</b>			
Managerial	47	48	28
Executive	38	38	28
Non-Executive	31	32	31

\* approximate

# SUSTAINABILITY STATEMENT

Training and development programmes on various topics conducted in FY2020 are as follows:

Training Programme	Participation
<b>Mandatory Training</b>	
General Orientation	All new employees
Cyber Security Awareness 2020	All employees
Code of Conduct Awareness 2020	All employees
Basic Life Support	Clinical staff
Training on Section 17A of MACC Act 2009	Directors, management and all senior employees
<b>Leadership Training</b>	
Coaching and Mentoring for Results	Supervisors and Junior Managers
THKD Smart ASB Executive Education Program	Management Team and HOD
<b>Skills and Service Training</b>	
Positive Outlook Programme ("POP")	All employees (FY2020: >80%)
Online platform training	HOD and Supervisors
<b>Well-Being Programmes</b>	
Mental Health Support Group	All employees

During a global pandemic, the healthcare industry is required to develop and adapt to evolving epidemiology of diseases. At THKD, we conducted training programmes to ensure our employees are up-to-date on the everchanging environment of the COVID-19 pandemic. Through our training programmes, we aim to:

-  Create awareness on the importance of infection control practices to prevent and control the spread of COVID-19;
-  Enhance skills and knowledge of employees to ensure their duties are carried out efficiently in their respective departments during the COVID-19 pandemic; and
-  Educate employees on how to effectively, correctly and safely manage situations where an infected individual is detected on the premises.

We conducted a range of internal and external training to update employees on best practices to manage and prevent the spread of COVID-19. These training sessions covered a wide range of topics, including proper usage of PPE, cleaning and disinfecting practices, and prevention and control of infectious diseases.

## SUSTAINABILITY STATEMENT



On 21 April 2020, we engaged with the Family Health Development Division of MOH to conduct training to update our employees on latest developments and ways to minimise the risk of infection while conducting the COVID-19 PCR Swab Test on patients. Posters have been placed around the hospital and on social media to ensure our employees are aware of most recent information on COVID-19 and its management. Further information on COVID-19 has been made available on THKD's intranet, making it accessible to employees whenever required.



## ENVIRONMENTAL SUSTAINABILITY



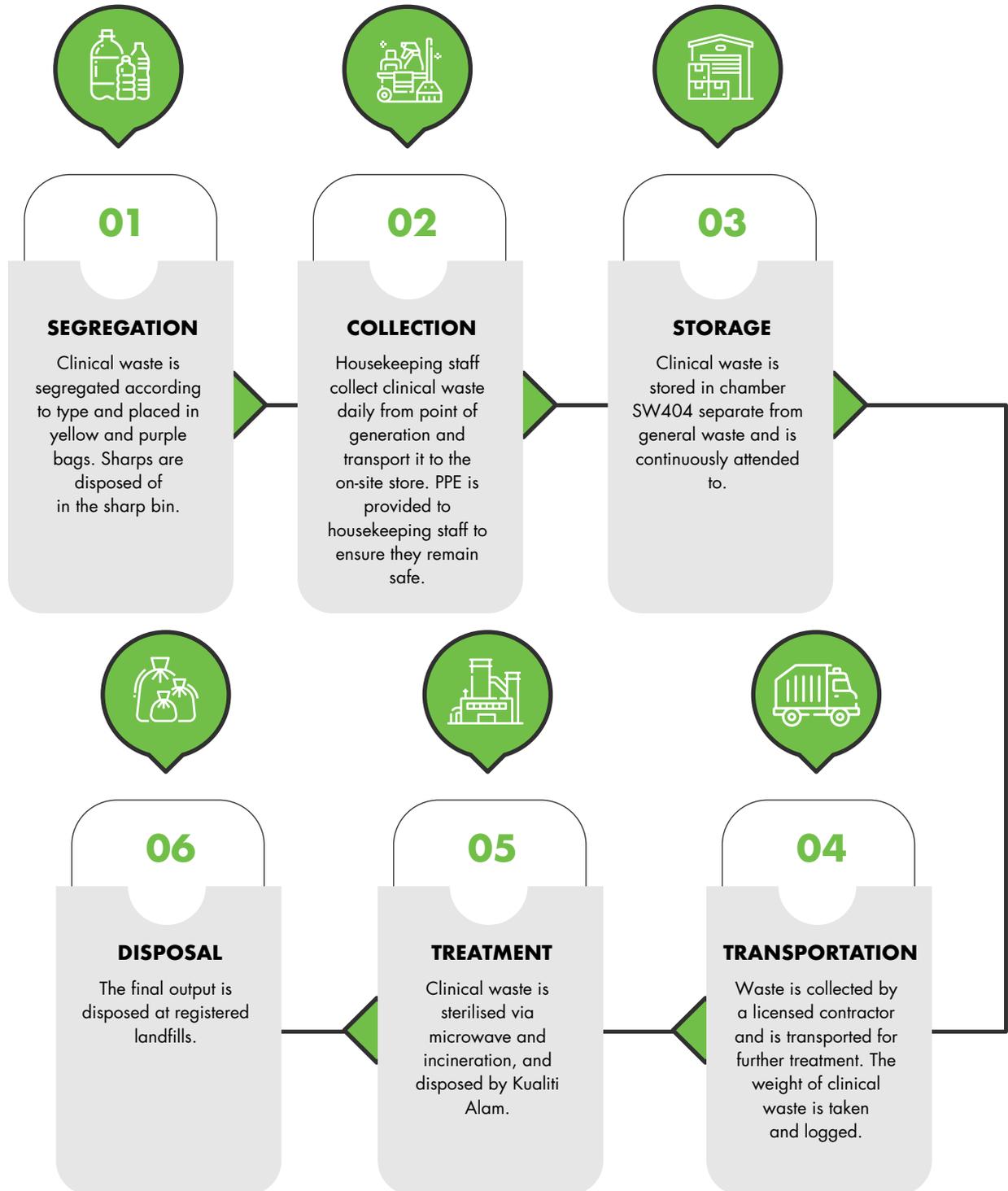
### Clinical & Other Wastes

The mismanagement of waste can harmfully impact the environment and public health. Hence, we stringently manage waste generated by our operations in accordance to the Environmental Quality (Scheduled Waste) Regulations 2005 enforced by the Department of Environment ("DOE").

THKD generates clinical waste which includes human tissue, bodily fluids, pharmaceutical products, used swabs and dressings, needles and sharps, and all waste that has come into contact with any of the above. Clinical waste is hazardous and may potentially cause harm to individuals who are exposed to it.

We have established a six-step waste management system to ensure that clinical waste generated is handled appropriately. This system is implemented under the supervision of THKD's General Administration Department. Using this management system, we engage with Healthcare Waste Management Services ("HWMS") and licensed contractors to ensure our clinical waste is treated and disposed of accordingly.

# SUSTAINABILITY STATEMENT



On 19 September 2019, we co-organised Healthcare Waste Management Training alongside Kualiti Alam to ensure employees are updated and made aware of the latest waste handling and management best practices, and to educate them on the impacts of the mismanagement of healthcare waste.

# SUSTAINABILITY STATEMENT

This year, we generated a total of 84.3 tonnes of clinical waste - a 13% reduction when compared to 97.2 tonnes<sup>2</sup> recorded in FY2019. A reduction was recorded as the months of July and August 2020 were not included in this reporting period.

Through best efforts of various departments, 100% of clinical waste generated was collected and disposed of accordingly.

### Energy Conservation

The healthcare industry is energy-intensive as energy is constantly required for power cooling and heating units, and to run machinery that maintain a conducive environment for the provision of top-quality medical services to patients. At THKD, we work conscientiously to reduce energy consumption with the overall goal of minimising our environmental footprint without compromising the quality of medical services provided.

In FY2020, several initiatives have been undertaken to minimise energy consumption. These include switching off one building chiller unit daily during non-peak hours, increasing the efficiency of all air handling units ("AHU") by replacing belting and cleaning filters more frequently, and continuing to use energy-efficient light fixtures and LED lightbulbs instead of regular ones.

We have consumed a total of 5,378,386 kWh in FY2020. This is a 23% reduction compared to FY2019 – a result from energy saving initiatives undertaken and the exclusion of two months in FY2020.



### Waste output for FY2020

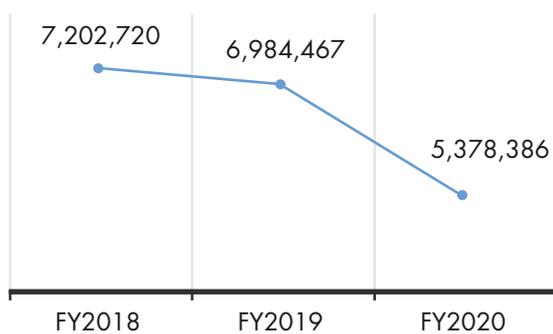
**84.3** tonnes  
FY2019: 97.2 tonnes<sup>2</sup>



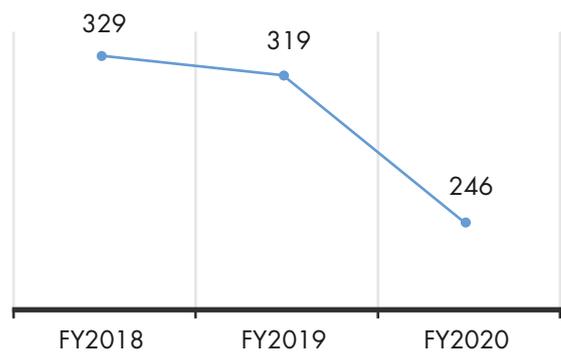
### Electricity consumption for FY2020:

**5,378,386** kWh

**Electricity Consumption (kWh)**



**Electricity Intensity (kWh/m<sup>2</sup>)**



<sup>2</sup> TMCLS has adjusted its calculation methodology in FY2020. Therefore, corresponding adjustments have been made to weight of clinical waste generated (tonnes) in FY2019.

# SUSTAINABILITY STATEMENT



## COMMUNITY OUTREACH



### Community Health & Wellbeing

As a conscientious healthcare institution, we not only focus our resources on improving the health and livelihoods of our patients, but play a role in fostering healthy communities. In FY2020, we conducted various types of programmes to engage with the communities we operate in.

#### Pink October Project ("POP") 2019

POP is an annual campaign organised by THKD to educate the public and raise awareness on breast cancer and self-examination. As part of the campaign, we successfully carried out an event at the Mass Rapid Transit ("MRT") Bukit Bintang station in collaboration with the Breast Cancer Welfare Association ("BWCA") that was themed POP-Rock. The event featured local artists such as Mafidz, The Mirza and Peristiwa Band, who provided entertainment for passers-by while employees distributed exclusive breast screening and lucky draw vouchers. Those who attended the event were provided with free general health screening.

As part of POP 2019, we donated RM31,150 to POP beneficiaries, including the local community of Kota Damansara and BCWA. Using the funds raised by THKD and our sponsors, we were able to provide 120 mammograms and breast ultrasound screenings to deserving women of the community.

#### Free Influenza Vaccination for Adults

As part of TMCLS' CSR efforts, we provided free influenza vaccines for individuals above the age of 12 at THKD. SKYCellflu Quadrivalent, an influenza vaccine, was provided as it is known to combat four strains that were prevalent during the 2019/20 influenza season. The vaccination programme was held from 20 June until 24 June 2020, where 1,264 individuals of the public and 202 employees were vaccinated. A total of RM65,970 in the form of influenza vaccines, was donated by the Group.

#### Male Circumcision CSR Campaign

Male circumcision is an important religious practice within Muslim communities. In FY2020, THKD organised a Circumcision CSR Campaign led by Dr Zamzuri Zakaria. As part of the campaign, circumcision procedures were offered to 20 boys at a mosque located in Section 4, Kota Damansara.

### Community Health Programmes

Throughout the year, TMCLS organised a total of 39 community health programmes in hopes of positively contributing to public health. We engaged with local communities to address key healthcare matters. This includes a Hand Hygiene Talk at Sri KDU Primary School to raise awareness on good hygiene practices. The talk was led by the Infection Control nursing team who was responsible for communicating to students the importance of maintaining good hand hygiene and the manners in which they can do so.



**Community health  
programmes  
organised in FY2020:**

**39** programmes

FY2019: 24 programmes

### Combatting COVID-19

As one of the leading healthcare providers in the region, TMCLS has a responsibility to prevent the spread of COVID-19. In addition to providing testing services, THKD loaned two ventilator units to Hospital Sungai Buloh to assist with treating patients who have contracted the disease.

TMCLS has also established a fund to sponsor free COVID-19 tests for underprivileged persons who are entering shelters and institutions such as nursing homes. In FY2020, five underprivileged children underwent free COVID-19 RT-PCR tests before entering a shelter home.

# SUSTAINABILITY STATEMENT

## Looking Ahead

The healthcare industry and the role it plays have never been as important as they are today in light of the global COVID-19 pandemic. In rising to protect the lives of Malaysians, TMCLS undertook significant efforts to provide emergency healthcare services, effective testing systems and to raise awareness to minimise adverse impacts on public health. On our sustainability progress, we are pleased with our performance across our four sustainability focus areas: patient care, organisational management, environmental sustainability, and community outreach. In strengthening transparency between our stakeholders and the Group, we provided more in-depth disclosures for FY2020.

We are grateful to our employees and our leadership team for the sustainability growth achieved by the Group this year and for especially playing a keen role in supporting MOH in managing the COVID-19 pandemic.

Looking ahead, we will continue to monitor our progress and identify new areas and initiatives that will enhance our overall sustainability performance. Our ultimate goal is to incorporate sustainability into all facets of the Group with the aim of building resilient healthcare systems and creating long-term value for TMCLS and its stakeholders.

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# SUSTAINABILITY STATEMENT

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# SUSTAINABILITY STATEMENT

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# CORPORATE SOCIAL RESPONSIBILITY

For the financial period ended 30 June 2020, the Group engaged in several CSR initiatives as listed below:

From left: Ms Teri Loo, Chief Operating Officer of Thomson Hospital Kota Damansara; YB Tuan Haji Shatiri bin Mansor, ADUN Kota Damansara; Professor Emeritus Dato' Dr Khalid Abdul Kadir, Chairman of TMC Life Sciences Berhad; and Ms Siew Mei Quin, Treasurer of Breast Cancer Welfare Association Malaysia ("BCWA").



Cheque presentation ceremony during POP's kick-off event.

## Pink October Project ("POP")

### Check it, Rock it!

On 6 October 2019, Thomson Hospital Kota Damansara ("THKD") kicked off its flagship corporate social responsibility ("CSR") event, Pink October Project, in conjunction with World Breast Cancer Awareness month. This is the ninth year in a row that THKD has conducted the POP campaign, with the objectives of raising awareness, educating the public about breast health and combatting breast cancer.

Themed POP-Rock with the tagline "Check it, Rock it!", the two-month campaign offered promotions on digital mammogram and breast ultrasound screenings at 50% off normal prices, and 15% discount on Lite and Comprehensive screening packages for women.

The launch ceremony was officiated by YB Tuan Haji Shatiri bin Mansor, State Assemblyman (ADUN) of Kota Damansara, in the presence of our management team, breast surgeons, sponsors and members of the public from the surrounding community. At the event, THKD presented a cheque worth RM31,150 to POP's beneficiaries, which are the community of Kota Damansara through the office of the ADUN and Breast Cancer Welfare Association ("BCWA"). The funds raised by THKD and its partners were used to provide 120 mammograms and breast ultrasound screenings to deserving women.

## CORPORATE SOCIAL RESPONSIBILITY

To create even more public awareness on breast cancer, THKD organised an event befitting its POP-Rock theme at MRT Bukit Bintang. It featured local musical talents and bands such as Mafidz, The Mirza and Peristiwa Band. Besides busking for passers-by, THKD also provided free basic health screenings, breast screening vouchers and lucky draw vouchers. In addition, with help from the BCWA team, people who visited the booth were taught the correct steps to breast self-examination.



Families enjoyed fun games, received exclusive breast screening vouchers and free basic health screening.



Bands busking as passers-by enjoy free basic health screening and learning the right steps to breast self-examination.

### Free Flu Vaccination for Adults worth RM65,970

As part of the Hospital's efforts to improve health in the community, THKD offered free quadrivalent influenza vaccines for adults on a first come, first served basis from the 20 to 24 June 2020. This vaccine covers four strains in the 2019-2020 flu season. The cost of the vaccines totaled RM65,970, with 1,264 vaccines administered to members of the public and 202 to staff. Social distancing measures and crowd control procedures were undertaken to ensure safety.

## CORPORATE SOCIAL RESPONSIBILITY

The campaign was a huge success with overwhelming response from the public. It was initially estimated to take seven days to give out all the vaccines; however, due to high demand, all the vaccines were used up by the fifth day.



Members of the public queueing up as early as 8.30am to receive their free flu vaccination.

### Covid-19 Aid and Programmes

- **THKD Shares Equipment with Hospital Sungai Buloh**

In the spirit of public-private partnership and to meet the need for sufficient medical equipment which was crucial during the early stages of the Covid-19 outbreak, THKD loaned two units of ventilators to Hospital Sungai Buloh in March 2020. With this collaboration and sharing of resources, our country was better able to manage the Covid-19 cases that were referred to this main infection control centre in Malaysia.



Hospital Sungai Buloh receiving two units of ventilators loaned by THKD.



- **Free Covid-19 Tests for Underprivileged Children**

During the Covid-19 outbreak, new Standard Operating Procedures ("SOPs") were introduced which made it compulsory for anyone entering institutional homes and shelters to be screened for Covid-19 before they can be allowed to stay. Working with several Non-Governmental Organisations ("NGOs") and Gribbles Pathology Sdn Bhd, THKD provided free Covid-19 PCR testing to five underprivileged children to enable them to enter a shelter home in FY 2020.

## CORPORATE SOCIAL RESPONSIBILITY

### • Community Health Programmes

In our continuous effort to give back to our local communities, associations and societies throughout the financial period, the Group organised or participated in various health programmes and events. On 1 December 2019, together with THKD's Consultant General, Breast and Endocrine Surgeon, Dr Zamzuri Zakaria, 20 boys were offered free circumcision at Masjid Section 4, Kota Damansara.



Dr Zamzuri Zakaria, Consultant General, Breast and Endocrine Surgeon (left), gave a health talk then performed circumcisions at Masjid Section 4, Kota Damansara.

Our nursing team conducted educational talks on hand hygiene and related topics for students from schools such as Sri KDU Schools. THKD also continues to provide free basic health screenings and health talks which benefit the surrounding communities.



# BOARD OF DIRECTORS

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*from left to right:*

**DATO' SRI MOHD MOKHTAR BIN MOHD SHARIF**

**KAN KHEONG NG**

**GARY HO KUAT FOONG**

**PROFESSOR EMERITUS DATO' DR. KHALID BIN ABDUL KADIR**

**WAN NADIAH BINTI WAN MOHD ABDULLAH YAAKOB**

**WILSON SAM**

**DR. LAM LEE G**

**CLAIRE LEE SUK LENG**

## DIRECTORS' PROFILE



### PROFESSOR EMERITUS DATO' DR. KHALID BIN ABDUL KADIR

- Non-Independent Non-Executive Chairman

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Aged 72

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Male

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Malaysian

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**Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir** was appointed to the Board on 7 October 2004. He graduated with first-class honours in B.Med. Sc. (1973) and a first class honours in MBBS from Monash University, Australia in 1975 and PhD in 1982. He was awarded the FRACP (Australia) in 1984 and FRCP's from Edinburgh, Glasgow, Ireland and London in 1992 and the Honorary Fellowship of the American College of Physician in 2008. He is a Fellow of the Academy of Science Malaysia.

Professor Emeritus Dato' Dr. Khalid started his career as a lecturer at Universiti Kebangsaan Malaysia in 1982, promoted to Associate Professor in 1984, Head of Department of Medicine in 1985, and Dean of the Medical Faculty and Professor in 1990. In 1997 to 2000, he was the founding Director of Hospital Universiti Kebangsaan Malaysia ("HUKM") with the task of building up HUKM. Upon his retirement in 2004, he was awarded the title of Professor Emeritus.

He then joined Monash University in 2004 as Professor of Medicine and started the Tan Sri Jeffery Cheah Clinical School in Johor Bahru.

He was one of the pioneers of the Company and Thomson Hospitals and is currently the consultant Endocrinologist.

He was in the Malaysia Medical Council from 1986 to 2001, President of the Persatuan Diabetes Malaysia from 1985 to 1990, President of the Malaysia Endocrine Society from 1995 to 2001, Member of Council, International Diabetes Federation from 2001 to 2002, and Master of The Academy of Medicine of Malaysia from 2006 to 2008.

He is active in research and has published more than 310 papers in international and national peer reviewed journals. Professor Emeritus Dato' Dr. Khalid was conferred The National Science Award in 1997, The Asia Pacific Nutrition Award in 1996 and The Merdeka Award in 2008, and delivered The Tunku Abdul Rahman Oration, Academy Medicine Malaysia in 2010, the Gold Medal for outstanding services to Malaysian Medical Association in May 2016 and the Academy of Medicine College of Physicians Gold Medal for outstanding services in 2018.

Professor Emeritus Dato' Dr. Khalid has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial period under review. He has no conflict of interest with the Company. He does not hold any directorship in other public companies and listed issuers in Malaysia.

Details of Directors' interests in shares of the Company as at 1 September 2020 are disclosed on page 164 of this Annual Report.

Details of the number of Board meetings attended in the financial period under review are disclosed on page 77 of this Annual Report.

## DIRECTORS' PROFILE



### WAN NADIAH BINTI WAN MOHD ABDULLAH YAAKOB

- Executive Director, TMC Life Sciences Berhad
- Group Chief Executive Officer, TMC Life Sciences Berhad
- Chief Executive Officer, Thomson Hospitals Sdn. Bhd.

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Aged 36

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Female

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Malaysian

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**Ms. Wan Nadiah Binti Wan Mohd Abdullah Yaakob** was appointed to the Board on 25 January 2019 and assumed the role of Group Chief Executive Officer on 1 February 2019. Prior to the current position in 2019, she was appointed as Chief Executive Officer of Thomson Hospitals Sdn. Bhd. and Group Chief Corporate Officer of the Company on 19 June 2017.

Prior to joining Thomson Hospitals Sdn. Bhd. and the Company, Ms. Nadiah Wan worked in Sunway Medical Centre as Chief Operating Officer (Clinical Services) 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 Wan holds an MSc Public Health (Nutrition) from the London School of Hygiene and Tropical Medicine, United Kingdom and an AB *cum Laude* in Biochemical Sciences from Harvard College. She was nominated into the Forum of Young Global Leaders Class of 2020 and serves as Vice-President of the Harvard Club of Malaysia.

Ms. Nadiah Wan has no family relationship with any Director and/or major shareholder of the Company. She has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial period under review. She has no conflict of interest with the Company. She does not hold any directorship in other public companies and listed issuers in Malaysia.

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## DIRECTORS' PROFILE



### KAN KHEONG NG

- Executive Director

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Aged 65

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Male

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Malaysian

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**Mr. Barry Kan Kheong Ng** was appointed to the Board on 2 June 2015. He holds a Degree in Business Administration from the Royal Melbourne Institute of Technology. He is a veteran of almost 30 years in the automotive industry with rich and vast experience in managing various illustrious global brands during his career with renowned regional dealership, Wearnes Automotive, headquartered in Singapore. Prior to that, he was with the Port Authority of Singapore for 7 years.

As General Manager at Malayan Motors (a division then of Wearnes Automotive Pte. Ltd.), his portfolio included the Rolls-Royce, Bentley, Jaguar and Volvo Trucks franchises in Singapore. He was also responsible for the introduction of some of the brands into new territories such as Brunei, Indonesia, Taiwan and Thailand. In addition to the strategic management of the business, he took personal interest in Customer Relationship Management and Aftersales operations, which resulted in a high level of clientele retention for the luxury automotive brands.

Promoted to Managing Director of the Prestige Division of Wearnes Automotive, he was instrumental in the acquisition of new brands which included Bugatti, Land Rover and McLaren. He was also the key representative of the company for the high-society clientele which included the Captains of Industry as well as esteemed members of Royal families within the region.

To nurture the passion for driving and motorsports for the entire Corporate Group, he led a team to spearhead the inaugural motorsports division. Activities included track and instructional driving days as well as distance driving weekends in Malaysia where participants had the chance to learn more about their cars and improve their driving skills whilst the company had the chance to showcase their product range and services.

When the exciting opportunity arose to develop the integrated automotive hub in Nusajaya, Iskandar Malaysia, he joined Fastrack Autosports (Iskandar) Pte. Ltd. to conceptualise and execute the project. In partnership with UEM Sunrise Berhad, Mr. Barry Kan manages the joint venture company, Fastrack Iskandar Sdn. Bhd. as Director. He is currently the Chief Executive Officer and Executive Director of Secura Group Limited (Listed on Singapore Exchange).

Mr. Barry Kan has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial period under review. He has no conflict of interest with the Company. He does not hold any directorship in other public companies and listed issuers in Malaysia.

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## DIRECTORS' PROFILE



### GARY HO KUAT FOONG

- Independent Non-Executive Director
- Chairman of Nominating Committee
- Member of Audit and Risk Management Committee
- Member of Remuneration Committee

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Aged 65

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Male

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Australian

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**Mr. Gary Ho Kuat Foong** was appointed to the Board on 12 January 2011.

Mr. Gary Ho has over 36 years' experience in corporate management and finance. He currently sits on the Board of several private and public listed companies in Australia and Singapore respectively.

Mr. Gary Ho holds Bachelor degrees in Commerce and Science from the University of Western Australia. He is a member of CPA Australia and the Institute of Singapore Chartered Accountants.

Mr. Gary Ho has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial period under review. He has no conflict of interest with the Company. He does not hold any directorship in other public companies and listed issuers in Malaysia.

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## DIRECTORS' PROFILE



### CLAIRE LEE SUK LENG

- Independent Non-Executive Director

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Aged 48

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Female

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Malaysian

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**Ms. Claire Lee Suk Leng** was appointed to the Board on 18 October 2012.

Ms. Claire Lee holds Bachelor of Business Administration (Distinction) in Finance from the University of Hawaii at Manoa. She has over 10 years of experience in the areas of corporate finance and advisory, and private wealth management. She started her career with the merchant banking arm of the Union Bank of Switzerland, UBS (East Asia) Ltd and later joined HSBC Investment Bank PLC and Salomon Smith Barney (Singapore) Pte. Ltd..

Ms. Claire Lee has no family relationship with any Director and/or major shareholder of the Company. She has no conviction of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial period under review. She has no conflict of interest with the Company. She does not hold any directorship in other public companies and listed issuers in Malaysia.

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## DIRECTORS' PROFILE



### DR. LAM LEE G

- Independent Non-Executive Director
- Chairman of Audit and Risk Management Committee
- Member of Nominating Committee
- Member of Remuneration Committee

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Aged 61

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Male

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Canadian

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**Dr. Lam Lee G** was appointed to the Board on 25 January 2019. He is currently Chairman of Hong Kong Cyberport Management Company Limited, and Non-Executive Chairman - Greater China and ASEAN Region of Macquarie Infrastructure and Real Assets. 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 Master of Systems Science and a Master of Business Administration from the University of Ottawa, a Master of Public Administration and a Doctor of Philosophy from the University of Hong Kong and a Master of Laws from the University of Wolverhampton. He is also a Solicitor of the High Court of Hong Kong, an Accredited Mediator of the Centre for Effective Dispute Resolution, a Fellow of Certified Management Accountant (CMA) Australia, the Hong Kong Institute of Arbitrators, and the Hong Kong Institute of Directors, and an Honorary Fellow of Certified Public Accountants (CPA) Australia, the Hong Kong Institute of Facility Management and the University of Hong Kong School of Professional and Continuing Education. In 2019, he was awarded by the Hong Kong Government a Bronze Bauhinia Star (BBS) for serving the public. He has over 30 years of international experience in general management, strategy consulting, corporate governance, direct investment, investment banking and fund management.

Dr. Lam has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial period under review. He has no conflict of interest with the Company. He does not hold any directorship in other public companies and listed issuers in Malaysia.

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## DIRECTORS' PROFILE



### DATO' SRI MOHD MOKHTAR BIN MOHD SHARIFF

- Independent Non-Executive Director
- Chairman of Remuneration Committee
- Member of Nominating Committee
- Member of Audit and Risk Management Committee

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Aged 63

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Male

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Malaysian

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**Dato' Sri Mohd Mokhtar bin Mohd Shariff** was appointed to the Board on 25 January 2019.

Dato' Sri Mohd Mokhtar holds a degree in Bachelor of Law (Hons), a Masters of Business Administration, Certificate of Legal Practice and was called to the Malaysian Bar on September 2019.

Dato' Sri Mohd Mokhtar had served the Royal Malaysia Police from 3 July 1977 to 22 May 2018. He held key senior positions in the Royal Malaysian Police namely, Director of Special Branch, Director of Narcotics Crime Investigation Department, Chief Police Officer of Johor, Deputy Chief Police Officer of Pahang and Head of Special Branch Kuala Lumpur. He had also served in the Embassy of Malaysia in Bangkok, Thailand.

Dato' Sri Mohd Mokhtar has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial period under review. He has no conflict of interest with the Company. He does not hold any directorship in other public companies and listed issuers in Malaysia.

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## DIRECTORS' PROFILE



### WILSON SAM

- Executive Director  
(Alternate to Kan Kheong Ng)

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Aged 44

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Male

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Singaporean

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**Mr. Wilson Sam** was appointed to the Board on 1 February 2019 as an Alternate Director to Mr. Barry Kan.

Mr. Sam has 20 years of experience in finance, investments and advisory. He is currently the Executive Director and Group Chief Financial Officer of Thomson Medical Group Limited (listed on the Main Board of the Singapore Exchange) and is responsible for providing leadership to its financial and management reporting, corporate finance, treasury, investor relations and corporate and regulatory compliance. Before joining Thomson Medical Group Limited in 2019, he was the Senior Vice President of Kestrel Capital Pte. Ltd., a Singapore headquartered private investment company, where he heads the investments and merger and acquisitions team. Prior to this, Mr. Sam held various positions with regional and international banks, specialising in corporate finance and merger and acquisitions and was involved in numerous initial public offerings, financial advisory and merger and acquisition transactions. He started his career as a senior officer in a Singapore government statutory board in 2000 before joining a United States multinational company in 2001.

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. Sam has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial period under review. He has no conflict of interest with the Company. He does not hold any directorship in other public companies and listed issuers in Malaysia.

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## PROFILE OF KEY SENIOR MANAGEMENT TEAM

### WAN NADIAH BINTI WAN MOHD ABDULLAH YAAKOB

Aged 36

Female

Malaysian

- Executive Director, TMC Life Sciences Berhad
- Group Chief Executive Officer, TMC Life Sciences Berhad
- Chief Executive Officer, Thomson Hospitals Sdn. Bhd.

The profile of **Ms. Wan Nadiyah Binti Wan Mohd Abdullah Yaakob** is set out on page 62 of this Annual Report.



### WONG YU CHEE

Aged 47

Male

Malaysian

- Group Chief Financial Officer, TMC Life Sciences Berhad

**Mr. Wong Yu Chee** has over 24 years' experience in finance, audit, accounting and tax compliance services in Malaysia and Shanghai. He started his career in 1996 joining a local audit firm as auditor. He then joined Coopers & Lybrand in 1997, now known as Pricewaterhouse Coopers PLT ("PwC"). He spent 8 years in PwC specialised in assurance assignment of large multinational company, public listed companies in various industries, Initial Public Offering ("IPO") and corporate exercise. He joined GlaxoSmithKline then as Finance Manager before he left Malaysia joining Ernst & Young Shanghai end of 2005. He spent 3 years in Ernst & Young Shanghai focusing on statutory audit assignment, IPO assurance assignment, corporate exercise and United States audit assignment until he joined TMF Shanghai end of 2008, leading the accounting and tax compliance services in TMF Shanghai for 2 years.

Mr. Wong relocated back to Malaysia in 2010, as Director of Accounting & Tax Compliance Services in TMF Malaysia where he spent 5 years helping businesses on accounting and tax compliance including Goods and Services Tax 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 the Company as Group Chief Financial Officer on 3 August 2015.

Mr. Wong is a Fellow Member of Association of Chartered Certified Accountants (FCCA), member of Malaysian Institute of Accountants (MIA)-Chartered Accountant (M) and Associate Member of Chartered Tax Institute of Malaysia (ACTIM).

Mr. Wong does not hold any directorship in other public companies and listed issuers in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company. He has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial period under review. Also, he has no conflict of interest with the Company.

## PROFILE OF KEY SENIOR MANAGEMENT TEAM



### KWAN YEE MAN

Aged 44

Female

Malaysian

- Chief Executive Officer of TMC Women's Specialist Holdings Sdn. Bhd., IVF Technologies Sdn. Bhd., Thomson TCM Sdn. Bhd., TMC Biotech Sdn. Bhd. and TMC Care Sdn. Bhd.

**Ms. Kwan Yee Man** joined the team as the Chief Executive Officer of TMC Women's Specialist Holdings Sdn. Bhd., IVF Technologies Sdn. Bhd., Thomson TCM Sdn. Bhd., TMC Biotech Sdn. Bhd. and TMC Care Sdn. Bhd. in August 2019.

With 20 years of vast experience in pharmaceutical and medical industries, Ms. Kwan has played crucial roles in corporate management, business development and expansion across Malaysia and globally.

In 1999, as the Senior Pharmacist, Ms. Kwan managed the Outpatient Pharmacy, Inpatient Pharmacy and Cytotoxic Drug Reconstitution Unit in Subang Jaya Medical Centre. She then moved on to Diethelm Malaysia and managed key principal accounts for supply chain of pharmaceuticals and vaccines. She also managed key accounts in B Braun Medical Supplies.

Subsequently in 2006, Ms. Kwan ventured into the beauty and wellness business, building the business and operations. In 2009, she took on an active and critical role as the Pharmacy Manager in Assunta Hospital.

In 2016, Ms. Kwan was appointed as Business Development Director of an Information Technology ("IT") healthcare software company. In 2018, she was Chief Operating Officer of an IT project management company in Malaysia handling projects within South East Asia.

Ms. Kwan holds a degree in Pharmacy from Liverpool John Moores University in United Kingdom. She is also a member of Malaysian Pharmacy Board and a Licensed Pharmacist.

Ms. Kwan does not hold any directorship in other public companies and listed issuer in Malaysia. She has no family relationships with any Director and/or major shareholders of the Company. She has no convictions of any offences within the past five (5) years and has no public sanctions and/or penalties imposed by the relevant regulatory bodies during the financial period under review. Also, she has no conflicts of interest with the Company.

# CORPORATE DIRECTORY



## HOSPITAL

### THOMSON HOSPITALS SDN. BHD.

11, Jalan Teknologi  
PJU 5, Kota Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan

Tel: 603-6287 1111  
Fax: 603-6287 1212

[www.thomsonhospitals.com](http://www.thomsonhospitals.com)



## RETAIL PHARMACY

### TMC CARE SDN. BHD.

Vantage Bay  
Lot 6376 & 9236  
Jalan Ibrahim Sultan  
80300 Johor Bahru  
Johor Darul Takzim

Tel: 607-223 0088  
Fax: 607-221 0200

[www.tmcarepharmacy.com](http://www.tmcarepharmacy.com)



## WELLNESS CENTRE

### THOMSON TCM SDN. BHD.

Lot No. 1F-3  
1<sup>st</sup> Floor, Tower 5 @ PFCC  
Jalan Puteri 1/2, Bandar Puteri  
47100 Puchong  
Selangor Darul Ehsan

Tel: 603-8068 9077  
Fax: 603-8068 9076

[www.thomson-tcm.com](http://www.thomson-tcm.com)



## TMC FERTILITY AND WOMEN'S SPECIALIST CENTRES

### HEADQUARTER :

#### TMC Fertility & Women's Specialist Centre

Lot No. 1F-IB  
1<sup>st</sup> Floor, Tower 4 @ PFCC  
Jalan Puteri 1/2, Bandar Puteri  
47100 Puchong  
Selangor Darul Ehsan

Tel: 603-8069 9222  
Fax: 603-8069 9221

[www.tmcfertility.com](http://www.tmcfertility.com)

### BRANCHES :

#### TMC Fertility & Women's Specialist Centre, Johor Bahru

02-03, Medical Suites  
Level 4, Menara Landmark  
12, Jalan Ngee Heng  
80000 Johor Bahru  
Johor Darul Takzim

Tel: 607-278 0088  
Fax: 607-278 0808

#### TMC Fertility & Women's Specialist Centre, Penang

3E-1-1, Straits Quay  
Jalan Seri Tanjung Pinang  
Tanjung Tokong  
10470 Pulau Pinang

Tel: 604-890 9118  
Fax: 604-890 9448

#### TMC Fertility & Women's Specialist Centre, Puchong

GF-12 Ground Floor  
Tower 4 @ PFCC  
Jalan Puteri 1/2, Bandar Puteri  
47100 Puchong  
Selangor Darul Ehsan

Tel: 6018-211 1088  
Fax: 603-8071 7281

#### TMC Fertility & Women's Specialist Centre, Kepong

8, Jalan Prima  
Metro Prima, Kepong  
52100 Kuala Lumpur

Tel: 603-6258 0000  
Fax: 603-6241 5809

#### TMC Fertility & Women's Specialist Centre, Ipoh

33, Persiaran Pearl, Fair Park  
31400, Ipoh  
Perak Darul Ridzuan

Tel: 605-548 8118  
Fax: 605-548 7118

#### TMC Fertility @ Thomson Hospital

2<sup>nd</sup> Floor, Thomson Hospital Kota  
Damansara  
11, Jalan Teknologi  
PJU 5, Kota Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan

Tel: 603-6287 1000  
Fax: 603-6287 1001

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of TMC Life Sciences Berhad ("TMCLS" or "the Company") recognises the importance of safeguarding and promoting the interest of its stakeholders. The Board is committed to uphold high standards of corporate governance through transparency, accountability, integrity and corporate performance.

TMCLS adopts the following requirements and guidelines on corporate governance best practices:

- Companies Act 2016 ("CA 2016");
- Malaysian Code on Corporate Governance ("MCCG" or "Code");
- Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"); and
- Corporate Governance Guide - 3rd Edition issued by Bursa Malaysia Berhad.

The Board is pleased to present the following Corporate Governance Overview Statement ("Statement") that describe the extent of how the Group has applied and complied the three (3) principles which are set out in the MCCG throughout the financial period under review:

- (a) Principle A: Board leadership and effectiveness;
- (b) Principle B: Effective audit and risk management; and
- (c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement should be read together with the Corporate Governance Report of the Company ("CG Report") which is available on the Company's website at [www.tmlife.com](http://www.tmlife.com).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 1. BOARD RESPONSIBILITIES

#### Clear Functions of the Board and Management

The Company is helmed by an experienced Board comprising members of calibre and credibility with necessary skills, expertise and experience ranging from medical practitioners, to entrepreneurs and accountants.

The Board is primarily responsible for oversight and the overall governance of the Group. It carries out its mandate by providing strategic guidance, implementing succession planning, effectively monitoring management goals and ensuring overall accountability for the business growth of the Group. In addition, the Board is responsible for ensuring that the Group's internal controls, risk management processes and reporting procedures are in place. In discharging their fiduciary responsibilities, the Board develops the business strategies and the day-to-day management of the Company is further cascaded to the senior management team. The Board is monitoring the performance of the Group based on periodic performance of the Group reported by the management in the quarterly financial results and has full access to all operational information and explanation provided by the management.

Key matters reserved for the Board's approval include the annual business plan and budget, dividend policy, business continuity plan, new issue of securities, business restructuring, expenditure above a certain pre-determined limit, new business venture, expansion plan, funding plan, acquisition or disposal of companies within the Group and any other strategic matters requiring the Board's decision. Also, the functions of the Board and management are clearly demarcated to ensure the effectiveness of the Company's operations and are guided by the Limit of Authority ("LOA"). The purpose of the LOA is to define the limits of authority designated to specified positions within the Group and to establish the types and maximum amount of obligations that may be approved by individuals or groups of individuals. The LOA will be reviewed from time to time to ensure that it remains relevant to the Company's objectives. The last revision of the LOA was made in April 2018.

The Board is committed to act in the best interest of the Group and its shareholders by exercising due diligence and care in discharging its duties and responsibilities to ensure that high ethical standards are applied at all times.

The Board has set up different Board Committees with different functions to assist the Board in discharging its fiduciary duties. These Board Committees do not make decision on behalf of the Board and the Company. It is each Board Committee's duty to review matters under its purview and make the necessary recommendation to the Board for its consideration and decision-making.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## **Strategies to Promote Sustainability**

The Board places great importance on corporate social responsibility ("CSR") and business sustainability and embraces CSR as an integral part of the Group's business philosophy and corporate culture.

The CSR activities of the Group during the financial period under review are set out on pages 56 to 59 of this Annual Report.

## **Chairman and Managing Director**

The role of the Chairman and the Executive Director cum Group Chief Executive Officer are separated.

The Chairman provides leadership at Board level and represents the Board to the shareholders and other stakeholders and is responsible for ensuring integrity and effectiveness of the Board and its Board Committees.

The Executive Director cum Group Chief Executive Officer provides executive leadership and is accountable to the Board for implementation of the strategies, objectives and decisions of the Board within the framework of delegated authorities, values and policies of the Company.

## **Company Secretaries**

The Company Secretaries of the Group are experienced, competent and knowledgeable, play an important role in advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly kept up-to-date on and apprised of any new regulations and guidelines.

The Company Secretaries are responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

The Company Secretaries also safeguard all statutory books and records of the Company and maintain the statutory registers of the Company. The Company Secretaries also ensure all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded. In addition, the Company Secretaries also ensure that any change in the Group's statutory information should be duly completed in the relevant prescribed forms and lodged with the Companies Commission of Malaysia within the stipulated timeframe.

## **Access to Information and Advice**

In exercising their duties, the Directors have direct access to the senior management executives. In addition, the Directors may seek advice from the Company Secretaries to assist them in furtherance of their duties. Where necessary, the Board may engage independent advisors at the Group's expense on specialised issues to enable them to discharge their duties proficiently.

The agenda and meeting papers are distributed at least seven (7) days in advance prior to the meetings to allow the Directors to have sufficient time to review and to request for any further information or clarification prior to the meetings, and to raise relevant issues during the meetings.

Upon conclusion of the meetings, the draft minutes are circulated to the Board to ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including the abstained of Director from voting or deliberating on a particular matter, if any. Thereafter, the final minutes are confirmed and approved by the Chairman of the succeeding meeting.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Demarcation of Responsibilities

### Board Charter

The Board Charter, which was adopted by the Board in July 2013 and had been reviewed by the Board on 18 December 2018 and 17 December 2019, sets out the composition, roles and responsibilities and processes of the Board.

The objectives of the Board Charter are to ensure that all Board members are aware of their duties and responsibilities, the various legislations and regulations affecting their conduct and that the highest standards of corporate governance are applied in all dealings by the Board members individually and/or on behalf of the Company. It serves as a strategic guidance and effective oversight of management.

The details of the Board Charter are available for reference at the Company's website at [www.tmclife.com](http://www.tmclife.com).

### Code of Conduct and Ethics

The Board has made a commitment to create a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct in relation to interactions with shareholders, employees, suppliers and customers. The Group has implemented a Code of Conduct which dictates the ethics and standard of good conduct expected of every Director. The Code of Conduct is available for reference at the Company's website at [www.tmclife.com](http://www.tmclife.com).

### Whistleblowing Policy and Procedures

The Board allows employees and associates to report suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving resources of the Company. The Whistleblowing Policy and Procedures (adopted by the Company in July 2013 and reviewed by the Board on 18 December 2018 and 17 December 2019) provides and facilitates a mechanism for any employee and associate to report concerns about any suspected and/or known misconduct, wrongdoings, corruption, fraud, waste and/or abuse.

The Whistleblowing Policy and Procedures is available at the Company's website at [www.tmclife.com](http://www.tmclife.com).

## 2. BOARD COMPOSITION

### Composition of the Board and Board Balance

The Board comprises one (1) Non-Independent Non-Executive Chairman, two (2) Executive Directors, four (4) Independent Non-Executive Directors and one (1) Alternate Executive Director. This is in line with the requirements of Paragraph 15.02 of the MMLR of Bursa Securities and the MCCG.

Our Chairman, Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir is a Non-Independent Non-Executive Chairman of the Company by virtue of his position as Person-in-Charge (License Holder) of Thomson Hospital Kota Damansara. The Board committed to ensure the effective leadership and is satisfied by having Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir as its Non-Independent Non-Executive Chairman due to his vast experience in the medical industry and is able to provide the Board with a clear direction to the strategy decision and contributing significantly to the long-term growth of the Group. Further, he also demonstrates his objectivity in deliberating and making decision aligning with the shareholders' interest at large to ensure balance of power and authority on the Board during his tenure as Chairman of the Company.

The profile of the individual Directors is set out on pages 61 to 68 of this Annual Report.

### Annual Assessment of Independence of Directors

All the Independent Non-Executive Directors fulfil the criteria of independence as defined in the MMLR of Bursa Securities and act independently of management and do not participate in any business dealings. None of the Independent Non-Executive Directors are involved in any other relationship with the Group that may impair his/her independent judgement and decision-making. The Board performed yearly assessment of its Independent Non-Executive Directors and received confirmation of independence from the respective Independent Non-Executive Directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Based on the independent assessment, the Board also concluded that the independence of Mr. Gary Ho Kuat Foong, whose tenure of service has exceeded a cumulative term of nine (9) years, justifications of which are set out below, is not impaired or affected by the length of his service.

### Tenure of Independent Non-Executive Directors

The Board recognises the Code's recommendation on the service tenure of an Independent Non-Executive Director, which should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Non-Executive Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director or seek shareholders' approval in the event it retains as an Independent Non-Executive Director.

Save for Mr. Gary Ho Kuat Foong, all the Independent Non-Executive Directors' term of service with the Company are less than nine (9) years.

Mr. Gary Ho Kuat Foong, an Independent Non-Executive Director who is a chairman of Nominating Committee ("NC") and member of Audit and Risk Management Committee ("ARMC") and Remuneration Committee ("RC"), was appointed to the Board of TMCLS on 12 January 2011 and as such his tenure of service has exceeded a cumulative term of nine (9) years on 12 January 2020. The Board has reviewed and recommended that Mr. Gary Ho Kuat Foong shall continue to act as an Independent Non-Executive Director.

In order to adhere with the Recommendation 4.2 of MCCG, the Board will seek approval from the shareholders of the Company at the forthcoming Eighteenth Annual General Meeting ("AGM") to retain Mr. Gary Ho Kuat Foong as an Independent Non-Executive Director based on the following justifications:

- He has fulfilled the criteria under the definition of Independent Non-Executive Director as stated in the MMLR of Bursa Securities and thus, he would be able to bring an element of objectivity to the Board;
- He has been with the Company for more than nine (9) years and was familiar with the Company's business operations;
- He has vast and diverse range of experiences and therefore, would be able to provide constructive opinion, independent judgement and to act in the best interest of the Company and shareholders;
- He has devoted sufficient time and attention to his professional obligations for informed and balanced decision-making;
- He has shown great integrity and independence, and had not entered into any related party transactions with the Group; and
- He has continued to exercise his due care during his tenure as Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

### Board Diversity

With regard to boardroom diversity, the Board is supportive of the diversity in gender, ethnicity and age.

As at the date of the Statement, two (2) out of seven (7) of the Directors are female Directors.

### NC

The NC established by the Board consists of the following members:

Chairman:	Mr. Gary Ho Kuat Foong
Members:	Dr. Lam Lee G
	Dato' Sri Mohd Mokhtar Bin Mohd Shariff

The NC comprises three (3) members who are all Independent Non-Executive Directors. The role of the NC is to assist the Board to evaluate candidates for nomination to the Board and to assess the effectiveness of the Board and each individual Director on an on-going basis in terms of contribution, skills, experience and other qualities. The objective is to improve the Board's effectiveness, identify gaps, maximise strengths and address weaknesses of the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the ten (10) months financial period ended 30 June 2020, the NC conducted two (2) meetings. At the said meetings, the NC:

- Reviewed and assessed the performance and effectiveness of the Board as a whole, Board Committees and the performance of each Director for the financial year ended 31 August 2019.
- Reviewed the terms of office and performance of the ARMC and each of its members to determine such ARMC and members have carried out their duties in accordance with their terms of reference.
- Reviewed the independence of the Independent Non-Executive Directors.
- Reviewed and recommended the re-election of Directors at the Seventeenth AGM held on 20 February 2020.
- Assessed the training needs of each Director.
- Considered the continuance of office as an Independent Non-Executive Director for Mr. Gary Ho Kwat Foong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years.
- Reviewed the appointment of new Chief Information Officer.
- Reviewed and considered on the proposed change in composition of the NC, RC and ARMC.

## **(a) Appointment to the Board**

The NC has been entrusted with the responsibility to identify, evaluate, select and recommend to the Board suitable candidate with the required credentials to be appointed as a Director of the Company, either to fill casual vacancies or as additions to meet the changing needs of the Group. That being said, the potential candidates may be proposed by existing Directors, shareholders or their party referral. On the assessment and selection of Director candidate, consideration would be taken on the need of the mix of skills, experiences, other qualities and diversity in gender, ethnicity and age within Board composition. Also, for appointment of Independent Non-Executive Director, the NC would also assess whether the candidate meets the requirements for independence based on the criteria prescribed in the MMLR of Bursa Securities.

## **(b) Re-election of Directors**

In accordance with the Company's Constitution ("Constitution"), at every AGM, one-third (1/3) of the Directors for the time being or, if the number is not three (3) or a multiple of three (3), the number nearest to one-third (1/3) shall retire from office such that each Director shall retire from office once in every three (3) years and all Directors who retire from office shall be eligible for re-election. Proposals for re-election of Directors are recommended by the NC to the Board prior to the shareholders' approval at the AGM, based on the annual assessment conducted.

Based on the recent annual assessment and evaluation, the NC is satisfied with the performance of the Directors who are standing for re-election and has recommended to the Board their proposed re-election in accordance with the Constitution. The Board supported the NC's recommendations to re-elect the eligible Directors standing for re-election at the forthcoming Eighteenth AGM.

## **(c) Annual Assessment of the Board and Board Committees**

The NC undertakes annual evaluation to review the performance of each individual Director and the effectiveness of the Board and the Board Committees.

The assessment of the Board and Board Committees covers areas such as the Board structure/mix, operation, decision-making and boardroom participation and activities, meeting administration and conducts, skills, knowledge, experience and competencies and role and responsibilities. For the performance of the individual Directors, the assessment criteria have included the areas of contribution and interaction with peer, quality of input of the Director, understanding of role and etc.

During the annual assessment, the Directors are given a performance evaluation sheet for individual Director Self/Peer Evaluation and Board Evaluation to complete. In addition, Directors who are members of the Board Committees are given additional performance evaluation sheets for the respective Board Committees to complete. Sufficient time is given to the Directors and/or members of the Board Committees to complete the forms and upon completion, the forms are submitted to the Company Secretaries for compilation of rating and scores and summary of which would then be presented to the NC for further review and assessment.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Director who is subject to re-election and/or retention in office as Independent Non-Executive Director at the next AGM is assessed by the NC (with the relevant NC member abstaining on his/her own re-election or retention) before recommendation is made to the Board and shareholders for the re-election and/or retention in office as Independent Non-Executive Director. Outcome of the assessment and recommendation would be reported to the Board for information and decision on areas for improvement.

### 3. FOSTER COMMITMENT

#### Time Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavours to attend meetings.

#### Board Meetings

The dates of the meetings of the Board, Board Committees and AGM for each financial year were fixed in advance for the whole year to ensure all Directors/Board Committees members' dates are booked and also to facilitate management's planning for the whole financial year.

The Board meetings are scheduled to be held regularly with sufficient notice being issued for meetings conducted in accordance with a structured agenda. The Board is supplied with information in a timely manner and appropriate quality to enable them to discharge their duties. The Board has a formal schedule of matters specifically reserved for the Board's discussion and/or approval and has received notice and meeting materials in advance of the meeting. All issues and decisions made during the Board meetings are properly recorded and thereafter, circulated to the Chairman for comments before minutes of proceedings are finalised and tabled to the Board for confirmation. The Company Secretaries organise and attend all Board meetings to ensure proper recording of the proceedings. Ad-hoc meetings may be called as and when significant issues arise which requires the Board's decisions.

During the ten (10) months financial period ended 30 June 2020, four (4) meetings were held in which the Board deliberated upon and considered various issues including the Group's financial results, corporate exercises, business plans and annual budgets, performance of the Group's business operations, material agreements, major capital expenditures, expansion plans and strategic issues affecting the Group's business operations.

Attendance of the Directors at the Board meetings held during the ten (10) months financial period ended 30 June 2020 was as follows:

Director	Attendance
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	4/4
Wan Nadiyah Binti Wan Mohd Abdullah Yaakob	4/4
Kan Kheong Ng	4/4
Gary Ho Kwat Foong	4/4
Claire Lee Suk Leng	3/4
Dr. Lam Lee G	4/4
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	4/4
Wilson Sam (Alternate Director to Kan Kheong Ng)	4/4

#### Directors' Training

The Directors keep themselves abreast with the latest industry developments as well as new statutory and regulatory requirements by attending various training programmes, seminars and/or conferences to enable them to discharge their duties effectively.

The training needs of Directors would be assessed and proposed by the individual Directors. Each Director determines the areas of training that he or she may require for personal development as a Director or as a member of a Board Committee. During the financial period under review, the Directors have attended the following training programmes, seminars and/or conferences:

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

<b>Director</b>	<b>Name of Seminars/Training programmes attended</b>
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	Bursa Diversity Xperience: The Board Compliance with MMLR - Reporting of Financial Statements New Corporate Liability - Malaysian Anti-Corruption Commission (Amendment) Act 2018
Wan Nadiah Binti Wan Mohd Abdullah Yaakob	Hospital Management Asia 2019 SMART ASB Executive Education Programme Compliance with MMLR - Reporting of Financial Statements New Corporate Liability - Malaysian Anti-Corruption Commission (Amendment) Act 2018
Kan Kheong Ng	SMART ASB Executive Education Programme Compliance with MMLR - Reporting of Financial Statements New Corporate Liability - Malaysian Anti-Corruption Commission (Amendment) Act 2018
Gary Ho Kwat Foong	Compliance with MMLR - Reporting of Financial Statements New Corporate Liability - Malaysian Anti-Corruption Commission (Amendment) Act 2018
Claire Lee Suk Leng	Audit Oversight Board Conversation with Audit Committees – Securities Commission Malaysia Compliance with MMLR - Reporting of Financial Statements New Corporate Liability - Malaysian Anti-Corruption Commission (Amendment) Act 2018
Wilson Sam	Mandatory Accreditation Program for Directors of Public Listed Company LED 1 - Listed Entity Director Essentials LED 2 - Board Dynamics LED 3 - Board Performance LED 4 - Stakeholder Engagement Compliance with MMLR - Reporting of Financial Statements New Corporate Liability - Malaysian Anti-Corruption Commission (Amendment) Act 2018
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	Compliance with MMLR - Reporting of Financial Statements New Corporate Liability - Malaysian Anti-Corruption Commission (Amendment) Act 2018
Dr. Lam Lee G	(1)Data Management and (2) Privacy - it starts with you Financial Crime Risks and Code of Conduct Certification: Compliance (2019/2020) Certification: Disclosure of Personal Relationships Policy (2019/2020) Certification: Hong Kong Fit and Proper (2019/2020) Annual Compliance Training: Code of Conduct Global Business Resilience Training Action required: mandatory training reminder - please complete Global Appropriate Workplace Behaviour ("AWB") Compliance with MMLR - Reporting of Financial Statements Webinar - Do we really need to meet? Learning from a Pandemic New Corporate Liability - Malaysian Anti-Corruption Commission (Amendment) Act 2018

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 4. REMUNERATION

### RC

The RC established by the Board consists of the following members:

Chairperson:	Dato' Sri Mohd Mokhtar Bin Mohd Shariff
Members:	Mr. Gary Ho Kwat Foong Dr. Lam Lee G

The RC comprises three (3) members who are Independent Non-Executive Directors. The role of the RC is to recommend to the Board, the remuneration packages of Executive Directors and senior management personnel of the Group, in addition to any increment/incentive to be awarded.

During the ten (10) months financial period ended 30 June 2020, the RC conducted two (2) meetings. At the said meetings, the RC:

- (a) Discussed and recommended to the Board for approval, bonus and salary increment/adjustment for senior management and employees upon assessing the performance of the Company and employees.
- (b) Discussed and recommended to the Board for approval, the payment of Directors' fees and meeting allowance for the financial year ending 30 June 2021.
- (c) Discussed and recommended to the Board for approval, on the remuneration packages for Mr. Kan Kheong Ng, the Executive Director of the Company.
- (d) Reviewed the Remuneration Policy and Procedures for Directors and senior management.
- (e) Discussed and recommended to the Board for approval, the key performance indicators of the senior management and performance measurement matrix of the Group for the ten (10) months financial period ended 30 June 2020.

### Remuneration of Directors

The RC is responsible for reviewing and recommending to the Board, the remuneration package for the Executive Directors. It is the ultimate responsibility of the Board to approve the remuneration package of the Executive Directors.

The remuneration of Non-Executive Directors, which made up of Directors' fees, meeting allowance and other benefits, if any, is determined by the Board. The Directors' fees, meeting allowance and other benefits, if any are determined and recommended by the Board and subject to the approval of the shareholders at the AGM.

The Directors' remuneration paid or payable to all the Directors of the Company for the ten (10) months financial period ended 30 June 2020 were as follows:

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

i) Received from TMCLS

	Salaries and bonus (RM)	Fees (RM)	Other Remuneration (RM)	Total (RM)
<b>Non-Executive Directors</b>				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	-	57,750	4,200	61,950
Gary Ho Kwat Foong	-	48,790	10,300	59,090
Claire Lee Suk Leng	-	44,000	4,500	48,500
Dr. Lam Lee G	-	50,210	10,050	60,260
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	-	44,000	7,000	51,000
<b>Total (RM)</b>	-	244,750	36,050	280,800

ii) Received on Group Basis

	Salaries and bonus (RM)	Fees (RM)	Other Remuneration (RM)	Total (RM)
<b>Executive Directors</b>				
Wan Nadiyah Binti Wan Mohd Abdullah Yaakob	784,016	-	150,087	934,103
Kan Kheong Ng	378,536	-	15,144	393,680
	1,162,552	-	165,231	1,327,783
<b>Non-Executive Directors</b>				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	-	57,750	104,200	161,950
Gary Ho Kwat Foong	-	48,790	10,300	59,090
Claire Lee Suk Leng	-	44,000	4,500	48,500
Dr. Lam Lee G	-	50,210	10,050	60,260
Dato' Sri Mohd Mokhtar Bin Mohd Shariff	-	44,000	7,000	51,000
	-	244,750	136,050	380,800
<b>Total (RM)</b>	1,162,552	244,750	301,281	1,708,583

### Remuneration of Top Five (5) Senior Management Staff

The Board has considered this practice and is of the opinion that the disclosure of the top five (5) senior management's remuneration on a named basis would not be in the best interest of the Group due to confidentiality and security concerns as well as the competitive conditions for talent in the healthcare industry.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### 5. ARMC

#### Composition and Activities of ARMC

The ARMC comprises three (3) members who are Independent Non-Executive Directors and ARMC's responsibilities include reviewing management and financial statements, related party transactions, internal control and risk management processes.

All members of the ARMC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

The Chairman of the ARMC is Dr. Lam Lee G, whilst the Chairman of the Board is Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir.

The summary of activities of the ARMC are set out separately in the ARMC Report on pages 83 to 85 of this Annual Report.

#### Financial Reporting

The Board is responsible for the quality and completeness of publicly disclosed financial reports. The Board with the assistance of the ARMC has to ensure that the financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the CA 2016 in Malaysia and that appropriate accounting policies have been used, consistently applied and supported by reasonable judgements and estimates, and the financial reports present a balanced, clear and comprehensive assessment of the Group's financial performance.

#### Cooling Period of a Former Key Audit Partner

In line with recommendation of the MCCG, the terms of reference of the ARMC has been revised in December 2018 to include the cooling-off period of at least two (2) years to be observed before the appointment of a former key audit partner as a member of the ARMC.

None of the members of the Board were former key audit partner and the Board has no intention to appoint any former key audit partner as a member of the Board.

#### Assessment of Sustainability and Independence of External Auditors

The ARMC applies the best practice of ensuring a full assessment to ensure the suitability, objectivity and independence of the external auditors.

Based on the annual assessment conducted for the ten (10) months financial period ended 30 June 2020, the ARMC was satisfied with the performance and independence of the external auditors as well as the fulfilment of criteria based on several factors, including independence of the external auditors, quality of audit review procedures and adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with.

Messrs. Ernst & Young PLT has also confirmed to the ARMC that they had been independent throughout the audit engagement in respect of the financial period under review.

### 6. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

#### Sound Framework to Manage Risks

The Board acknowledges its overall responsibility for maintaining an internal control system that provides reasonable assurance of effective and efficient operations, compliance with laws and regulations as well as internal procedures and guidelines. The system, by its nature, can only provide reasonable but not absolute assurance against risk of material errors, fraud or loss.

The Statement of Risk Management and Internal Control which provides an overview of the state of internal controls within the Company and the Group is set out on page 86 to 89 of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Internal Audit Function

The Company's internal audit function is outsourced to a professional service firm and the internal auditors are free from relationships or conflicts of interest, which could impair their objectivity and independence, and the internal audit function is carried out in accordance with recognised framework.

Information on the Group's internal audit function which reports directly to the ARMC is presented in the ARMC Report in this Annual Report.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### 7. COMMUNICATION WITH STAKEHOLDERS

#### Shareholders' Communication and Investor Relations

The Board acknowledges the need for the Company's shareholders and investors to be informed of all material business and corporate developments concerning the Group in a timely manner.

Shareholders and investors are kept informed of financial performance, major corporate proposals and pertinent issues of the Group via announcements made through Bursa Securities.

The Company maintains a website at [www.tmlife.com](http://www.tmlife.com) to facilitate access to pertinent information concerning the Group and its operations, by the shareholders, consumers and general public. Announcements, news and all relevant updates are posted on the Company's website at [www.tmlife.com](http://www.tmlife.com) regularly.

#### Corporate Disclosure Policy and Procedures

The Board places importance in ensuring disclosures made to shareholders and investors are accurate, clear, timely and comprehensive as they are critical towards building and maintaining corporate credibility and investor confidence. As such, the Board has adopted a Corporate Disclosure Policy and Procedures in July 2013 setting out the policies and procedures for disclosure of material information of the Group. The said Policy and Procedures applies to all Directors, management, officers and employees of the Group.

### 8. CONDUCT OF GENERAL MEETINGS

#### Shareholders' Participation at General Meetings

The AGM is the principal forum for dialogue and interaction with the shareholders and the shareholders are encouraged to raise any questions relating to the proposed resolutions as well as the Group's business operations and affairs. The Notice of the AGM together with the Form of Proxy are given to shareholders at least twenty-eight (28) days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. Each item of special business included in the Notice of the AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

The Chairman and Board will respond to shareholders' questions during the meeting. The external auditors are also present to provide their professional and independent clarification, if required, on issues highlighted by the shareholders.

Corporate and financial information of the Group are also made available to the public through the Company's website at [www.tmlife.com](http://www.tmlife.com).

#### COMPLIANCE WITH MCCG

The Board is satisfied that during the financial period under review, the Company has complied with the Best Practices in MCCG on the application of the principles and best practices in corporate governance, except for those highlighted in the CG Report.

The Statement is made in accordance with a resolution of the Board dated 1 October 2020.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

During the financial period under review, the Audit and Risk Management Committee ("ARMC") of TMC Life Sciences Berhad carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the Internal Auditors, External Auditors, outsourced risk management consultants and relevant members of management. The ARMC is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

## MEMBERS AND ATTENDANCE

The ARMC comprises the following members and the details of attendance of each member at the four (4) meetings held during the ten (10) months financial period ended 30 June 2020 were as follows:

Director	Designation	Attendance
Dr. Lam Lee G (Chairman)	Independent Non-Executive Director	4/4
Claire Lee Suk Leng (Member) (Resigned on 12.01.2020)	Independent Non-Executive Director	2/3 <sup>#</sup>
Gary Ho Kuat Foong (Member)	Independent Non-Executive Director	4/4
Dato' Sri Mohd Mokhtar Bin Mohd Shariff (Member) (Appointed on 12.01.2020)	Independent Non-Executive Director	1/1 <sup>#</sup>

<sup>#</sup> Reflects the number of ARMC meetings attended during the financial period from the date of appointment and resignation

Mr. Gary Ho Kuat Foong fulfilled the requirement of Paragraph 15.09(1)(c) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR").

## TERMS OF REFERENCE

### Primary Purposes

The ARMC had discharged its function and carried out its duties as set out in the terms of reference ("TOR") of the ARMC.

The TOR of the ARMC is available for reference on the Company's website at [www.tmclife.com](http://www.tmclife.com).

## SUMMARY OF THE ACTIVITIES OF ARMC

The main activities carried out by the ARMC during the ten (10) months financial period ended 30 June 2020 were as follows:

### Financial reporting and re-appointment of external auditors

- (i) Reviewed the quarterly financial results of the Group including the draft announcements pertaining thereto, and made recommendations to the Board of Directors ("Board") for approval. The reviews, served to ensure that the Group's financial reporting and disclosures are in compliance with Bursa Securities MMLR and applicable accounting standards in Malaysia;
- (ii) Reviewed and made recommendations to the Board in respect of the annual audited financial statements of the Company and the Group for the financial year ended 31 August 2019;
- (iii) Reviewed the proposal for change in financial year end to 30 June effective for the financial year 2020;
- (iv) Reviewed and approved the proposed bad debts written off at Thomson Hospitals Sdn. Bhd.; and
- (v) Reviewed and considered on the proposed dividend.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## External audit

- (i) Reviewed with the External Auditors, the Audit Plan for the ten (10) months financial period ended 30 June 2020 on both the audit strategy and audit approach, the adequacy of existing external audit arrangements, with emphasis on the scope and quality of the audit and proposed fees for the statutory audit;
- (ii) Reviewed with the External Auditors, the results of their audit for the financial year ended 31 August 2019 and their audit report;
- (iii) Reviewed and recommended to the Board for approval, the fees for the audit and non-audit services for the ten (10) months financial period ended 30 June 2020;
- (iv) Reviewed and recommended to the Board for approval and recommendation on the re-appointment of External Auditors, Messrs Ernst & Young PLT for the financial year ended 31 August 2019; and
- (v) The ARMC also had two (2) private discussions with the External Auditors during the ten (10) months financial period ended 30 June 2020 without the presence of management and Executive Directors to review on the issues relating to Investment Tax Allowance.

## Internal audit

- (i) Reviewed with the Internal Auditors the Internal Audit Plan to ensure the adequacy of the scope and coverage of work; and
- (ii) Reviewed the effectiveness of the audit process and the performance of the overall Internal Audit function.

## Enterprise risk management

- (i) Reviewed the updates and reports from the outsourced risk management consultant on the implementation of the Enterprise Risk Management ("ERM") Framework and the development of Enterprise Risk Scorecard, assessed the adequacy and effectiveness of the risk management framework which includes corruption risk assessment and the appropriateness of management's responses to key risk areas.

## Related party transactions

- (i) Reviewed the related party transactions and ensured that they were not more favourable to the related parties than those generally available to the public and complied with Bursa Securities MMLR;
- (ii) Monitored the thresholds of the related party transactions to ensure compliance with Bursa Securities MMLR; and
- (iii) Reviewed the related party transactions transacted during the ten (10) months financial period ended 30 June 2020 and made statement of its view whether the transactions are in the best interests of the Company, fair, reasonable and on commercial terms and not detrimental to the interests of the non-interested shareholders of the Company.

## Other activities

- (i) Reviewed and recommended to the Board for approval, the ARMC Report, Statement on Risk Management and Internal Control and Sustainability Statement for inclusion in the 2019 Annual Report;
- (ii) Reviewed, approved and/or recommended to the Board for approval, new policies or amendments to the existing policies of the Company within the purview of the ARMC to ensure that the policies adopted are aligned with the developments of the rules, regulations, guidelines, best practices issued and recommended by the relevant regulatory authorities; and
- (iii) Reviewed the annual evaluation forms such as ARMC Members' Peer Performance Evaluation Form, External Auditors Performance and Independence Evaluation Form and Internal Audit Function Evaluation Form.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## INTERNAL AUDIT FUNCTION

The Group's Internal Audit function is outsourced to a professional services firm, which was tasked with the aim of assisting the ARMC to discharge its duties and responsibilities. The main role of the Internal Auditors is to provide the ARMC with independent and objective reports on the effectiveness of the system of internal controls within the Group. The ARMC discusses the internal audit reports with the Internal Auditors to ensure recommendations from the reports are duly acted upon by management. Two (2) internal audit reviews were carried out during the ten (10) months financial period ended 30 June 2020. The reviews were on the following areas:

- a) Business processes review of TMC Fertility Kota Damansara activities; and
- b) Group project management and revenue management of Thomson Hospitals Sdn. Bhd.

The cost incurred in relation to the internal audit function during the ten (10) months financial period ended 30 June 2020 was RM50,000.

The Statement on Risk Management and Internal Control can be found on pages 86 to 89 of this Annual Report, and this provides an overview of the risk management and internal controls system within the Group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

The Malaysian Code on Corporate Governance requires the Board of Directors of public listed companies to establish a sound risk management framework and system of internal control to safeguard shareholders' investments and the Group's assets.

Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") which requires the Board of Directors of public listed companies to include in the Annual Report a "statement about the state of internal control of the listed issuer as a group", the Board of Directors ("Board") of TMC Life Sciences Berhad is pleased to provide the following Statement on Risk Management and Internal Control in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practice Note 9 of the Listing Requirements.

## Board Responsibility

The Board of TMC Life Sciences Berhad acknowledges the importance of maintaining a sound system of risk management and internal control to safeguard the shareholders' investments and the Group's assets. The Board is assisted by the Risk Management Committee and management to implement the policies and procedures on risk and control. These include identifying the risks and assessing the potential impacts of the risks, and to have the necessary internal control to mitigate the risks. The profiles of the risks are reviewed by the Board on annual basis.

The Board also acknowledges that whilst the Group's system of risk management and internal control is designed to identify, manage and attempt to lower the risk threatening the achievement of business objectives, some risks may not be totally eliminated. As such, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement of financial and management information and records, and/or against any financial losses or fraud.

## The Group's Risk Management and Internal Control System

### Risk Management Framework

The Group recognises that risk is an integral and unavoidable component of its business and is characterised by threats and opportunities. The Group works on fostering a risk-aware corporate culture and is committed to managing the risks in a proactive and effective manner to enhance opportunity, reduce threats and sustain its competitive advantage.

The Board has taken necessary measures to ensure that risk management is embedded in the Group's management system with the assistance of the Management, Audit and Risk Management Committee ("ARMC") and the outsourced Internal Auditors. In addition, the Group has established a Group-wide Strategic Enterprise Risk Management ("ERM") Framework leveraging on the best practices of existing frameworks within the Group and has been updating the risk profiles annually.

The Group recognises the importance of quality and caliber of its employees and a variety of training and development opportunities are actively explored. Relevant training and continuing development programmes are provided for staff to improve their various areas of knowledge, technical skills and personal development. These have directly and indirectly enhanced their level of risk awareness in their operating environment. With this understanding, risks can be identified or detected, and preventive/corrective measures can be applied to mitigate any losses that may occur.

The Group's risk management framework is consistent with the ISO 31000 Risk Management Principles and Guidelines, which is designed to establish the context for an embedded ERM into key departments and business processes of the Group.

### The key elements of the Group's Internal Control System

The Group's internal control system consists of the policies, processes, activities and control environment that facilitates an effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks in order to achieve the Group's strategy and objectives.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The key elements of the Group's internal control system, that are regularly reviewed by the Board, are as follows:

- i. the Group has in place an established organisational structure with clearly defined lines of key responsibilities and appropriate levels of delegation and authority.
- ii. the Group has in place internal procedures covering significant areas of operations, such as purchasing of assets required for the operations of the Group, recruitment and selection of employees, training and development of employees and has a clear definition of authorisation procedures for purchasing, payment and capital expenditure. A Group Tender Committee has been established to evaluate major expenditures before being formally approved by the appropriate authority levels.
- iii. regular Executive Committee ("Exco") meetings are held to review and monitor the business developments, to discuss and resolve operational and management issues and to review the financial performance of the Group against the budget and business plans, including the impact of Covid-19 on the cash flow position of the Group.
- iv. the ARMC reviews the quarterly financial reports, annual financial statements and reports to the Board on its review and findings thereon to ensure effectiveness of the internal financial control environment of the Group.
- v. the corporate head office coordinates the budgetary process for the Group wherein the budgets are discussed and prepared at the operating unit level, reviewed and recommended by Exco and finally approved by the Board.
- vi. significant corporate matters and its status discussed at the executive committee meetings are brought to the Board meetings for further deliberation and review by the Board members.
- vii. the Board, the ARMC and Management monitor the effectiveness of the Group's risk management and internal control system.
- viii. Internal Quality Audits are conducted and a group-wide incident reporting system in place to assess and monitor clinical risks. These risks are discussed and addressed through the organisation's clinical governance structure including the Medical and Dental Advisory Committee and the Board of Management.

### Management of Risks

The Group is principally involved in providing healthcare services. The Group undertakes a periodic exercise to identify key external and operational risks faced by all business and functional units. Key risk exposures faced by the Group during the financial period have been identified by all business and functional unit heads and with the appropriate risk mitigation plans being developed accordingly.

The key external risks of the Group include escalating costs resulting in lower operational profits due to inflation, foreign exchange fluctuation impact on the purchase of medical equipment, increasing competition from existing established medical and specialist centres, cyber risks from hacker attack and data breaches. The Group manages the risk through implementing cost control awareness and initiatives, monitoring the market and pricing trends and periodic review of costing and pricing strategy to stay competitive in the market. As for increasing competition from existing established medical and specialist centres, the Group is actively monitoring market development, trends and pricing of competitors. The Group manages cyber risk by enhancing the Group IT policies with continuous education of measures and ways to prevent hacker attack to minimise the possibilities of data breach and network downtime. The Group conducted annual IT penetration and Vulnerability Assessment on the IT infrastructure and continue to improve on areas of high vulnerability of cyber attack identified.

The key operational risks of the Group include corruption risk, financial reporting risk and spread of infectious diseases in the hospital. The Group manages corruption risk following the implementation of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 on 1 June 2020, by revising Whistleblowing Policy and Code of Conduct which includes revised Anti-corruption and Bribery policy, gift and entertainment policy and conflict of interest policy. Continuous training and communication on group wide basis will be conducted to promote awareness of the revised Code of Conduct and Whistleblowing Policy. Quarterly report of the extent of compliance will be reported to ARMC for review and monitoring.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Financial reporting risk has been managed by requiring continuous professional education for the financial reporting team, external financial reporting training attended by Directors and arrangement to announce year end result as audited. The Group manages spread of infectious diseases in the hospital by setting up Covid-19 task force to make decision relating to prevention and control of Covid-19 in the hospital. A Covid-19 task force develops SOPs and workflow based on Ministry of Health or international guidelines to manage infection control and risk in patient care. Disaster drills and training sessions are conducted to ensure staff and doctors are aware of the procedures relating to Covid-19. Sufficient Personal Protection Equipment ("PPE") is stockpiled and donning of appropriate PPE is required whenever performing any procedures or attending to any patients. Social distancing measures are taken in the hospital premises to reduce crowding and regular sanitization and disinfection is done in all areas of the hospital. Specific facilities such as inpatient wards, operating theatres and labour rooms are isolated and prepared to attend to patients who may be suspected of Covid-19 or any other infectious disease to reduce exposure to other patients and staff. All frontline staff are given flu vaccinations to reduce risk of complications. Patients, visitors or staff who fail screening or fulfil criteria for high risk of Covid-19 are referred to the Communicable Disease Screening Centre at Emergency. Implement drive thru screening, vaccination and pharmacy, teleconsultation to reduce exposure to patients and maintain social distancing. Quality and Nursing departments conduct regular audits to comply with new Covid-19 infection control procedures.

The execution of risk mitigation plans are being monitored and managed by the respective business and functional unit owners. Significant deviation from the risk mitigation plan will be reported to the Exco accordingly.

### Assurance Mechanisms

The ARMC is tasked by the Board to carry out the duty to review and monitor the effectiveness of the Group's internal control system. To discharge its responsibilities, the ARMC relies significantly on the support of independent internal auditors to review the effectiveness of risk identification procedures and control processes implemented by management, and to report directly to the ARMC during the quarterly ARMC meetings. The independent internal auditors provide assurance over the operation and validity of the internal control system in relation to the level of risk involved.

Based on these audits, the internal auditors provide the ARMC with yearly report highlighting observations and management action plans to improve the internal control system within the Group. In addition, the ARMC also reviews and deliberates on any significant matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group.

### The Board's Commitment

As the Group operates in a dynamic business environment, a sound risk management and internal control system must be in place in order to be able to support its business objectives. Therefore, the Board remains committed towards maintaining a sound system of risk management and internal control and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

### The Board's Conclusion

The Board has received assurance from the Group Chief Executive Officer and the Group Chief Financial Officer that based on the risk management and internal control of the Group as well as inquiry and information provided, the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

The Board is of the view that the risk management and internal control system in place for the financial year under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholders' investments and the Group's assets.

Moving forward, the Group will continue to improve and enhance the existing systems of risk management and internal controls, taking into consideration the changing business environment.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## **Review of Statement by External Auditors**

As required by paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the said review procedures were performed in accordance with the Audit and Assurance Practice Guide 3: Guidance for Auditors On Engagements To Report On The Statement On Risk Management and Internal Control included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in this Annual Report will, in fact, remedy the problems.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

## OTHER CORPORATE DISCLOSURE

### (a) Audit and Non-Audit Fees

The audit fees and non-audit fees incurred for services rendered by the external auditors for the financial period ended 30 June 2020 were set out below:

	COMPANY (RM)	GROUP (RM)
Audit Fees	46,000	174,700
Non-Audit Fees	5,300	5,300
Total	51,300	180,000

### (b) Material Contracts

During the financial period ended 30 June 2020, there were no material contracts entered into by the Company and its subsidiaries involving Directors', chief executive's and/or major shareholders' interests.

### (c) Utilisation of Proceeds

The Company did not raise funds through any corporate proposal during the financial period under review.

### (d) Employees' Share Option Scheme ("ESOS")

The Company implemented an ESOS, which is in force for a period of five (5) years until 28 May 2020 ("the option period"). On 28 April 2020, the Company resolved to extend the duration of the exercisable of unexercised ESOS, expiring on 28 May 2020 for another five (5) years to 28 May 2025 in accordance with the provisions of the ESOS By-Laws.

The number of ESOS options of the Company during the financial period were as follows:

	Balance as at 1.9.2019	[-Number of ESOS options over ordinary shares-] Movement during the [-----financial year-----]			Balance as at 31.6.2020
		Granted	Exercised	Lapsed	
Directors	13,500,000	-	-	(2,000,000)	11,500,000*
Senior Management	1,000,000	-	-	-	1,000,000
Employees	5,861,750	-	-	(246,250)	5,615,500
	20,361,750	-	-	(2,246,250)	18,115,500

\* Includes 2,000,000 ESOS options lapsed which was previously granted to a former Director, Dato' Dr. Tan Kee Kwong who has resigned on 25 January 2019. A decision was made not to extend the validity of the ESOS to Dato' Dr. Tan Kee Kwong for another five (5) years to 28 May 2025.

#### ESOS options granted to Directors and Senior Management

	During the financial period ended 30 June 2020	Since commencement of the ESOS on 28 May 2015
Aggregate maximum allocation in percentage	50%	50%
Actual percentage granted	-	10%

The breakdown of ESOS options offered to Non-Executive Directors pursuant to ESOS is detailed on page 164 of the Annual Report and none of the Directors had exercised the ESOS options during the financial period ended 30 June 2020.

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial period from 1 September 2019 to 30 June 2020.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

## HOLDING COMPANIES

The immediate, penultimate and ultimate holding companies are Sasteria (M) Pte. Ltd., Sasteria Pte. Ltd. and Thomson Medical Group Limited respectively, all of which are incorporated in The Republic of Singapore. The ultimate holding company is listed on the Main Board of Singapore Exchange Securities Trading Limited.

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the financial period, attributable to owners of the parent	13,275	2,319

There were no material transfers to or from reserves or provisions during the financial period other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDEND

Dividend paid by the Company since 31 August 2019 was as follows:

	<b>RM'000</b>
In respect of the financial year ended 31 August 2019 as reported in the Directors' report of that year:	
First and final single-tier dividend of 0.2013 sen per ordinary share paid on 25 March 2020	3,506

A first and final single-tier dividend in respect of the financial period ended 30 June 2020, of 0.1678 sen per ordinary share had been declared on 25 August 2020. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the following financial year end.

# DIRECTORS' REPORT

## DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial period to the date of this report are:

Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir\*  
 Gary Ho Kuat Foong  
 Claire Lee Suk Leng  
 Kan Kheong Ng\*  
 Wan Nadiah Binti Wan Mohd Abdullah Yaakob\*  
 Dato' Sri Mohd Mokhtar Bin Mohd Shariff  
 Dr. Lam Lee G  
 Wilson Sam (alternate Director to Kan Kheong Ng)

\* These Directors are also Directors of certain subsidiaries of the Company.

The name of the Director of the Company's subsidiaries in office since the beginning of the financial period to the date of this report, not including those Directors listed above is Wong Yu Chee.

## DIRECTORS' BENEFITS

Neither at the end of the financial period, nor at any time during that financial period, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Company's Employees' Share Options Scheme ("ESOS").

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Salaries, fees and bonuses	1,407	245
Estimated monetary value of benefits-in-kind	384	119
	1,791	364

The Company maintains a liability insurance for the Directors and Officers of the Group. The total amount of sum insured for Directors and Officers of the Group for the financial period amounted to RM15,000,000. The amount of insurance premium effected to indemnify Directors for the financial period was RM14,850.

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial period in ordinary shares and options over ordinary shares in the Company during the financial period were as follows:

	← Number of ordinary shares →			30.6.2020
	1.9.2019	Bought	Sold	
<b>Direct interest:</b>				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	500,000	-	-	500,000
<b>Deemed interest:</b>				
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	200,000	-	-	200,000

	Option price RM	← Number of options over ordinary shares →				30.6.2020
		1.9.2019	Granted	Exercised	Lapsed	
Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir	0.75	3,500,000	-	-	-	3,500,000
Gary Ho Kwat Foong	0.75	2,000,000	-	-	-	2,000,000
Claire Lee Suk Leng	0.75	2,000,000	-	-	-	2,000,000
Kan Kheong Ng	0.94	2,000,000	-	-	-	2,000,000
Wan Nadiah Binti Wan Mohd Abdullah Yaakob	0.94	2,000,000	-	-	-	2,000,000

None of the other Directors in office at the end of the financial period had any interest in shares in the Company or its related corporations during the financial period.

## ISSUES OF SHARES

The Company has not issued any new shares or debentures during the financial period.

## EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS")

The Company has an ESOS plan for the granting of non-transferable options that are to be settled by physical delivery of the ordinary shares of the Company to eligible Directors and employees.

The salient features and other terms of the ESOS plan are disclosed in Note 25(b) to the financial statements.

On 28 April 2020, the Company resolved to extend the duration of the exercisable of unexercised ESOS shares, expiring on 28 May 2020 for another 5 years to 28 May 2025 in accordance with the provisions of the ESOS By-Laws.

# DIRECTORS' REPORT

## EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS") (contd.)

The details of the options over the ordinary shares of the Company are as follows:

Option price RM	← Number of options over ordinary shares →				Exercisable	
	1.9.2019 '000	Granted '000	Exercised '000	Lapsed '000	30.6.2020 '000	30.6.2020 '000
<b>Grant date</b>						
11 June 2015	0.75	9,500	-	(2,000)	7,500	7,500
28 August 2015	0.75	5,312	-	(246)	5,066	5,066
25 January 2017	0.94	3,550	-	-	3,550	3,550
19 December 2017	0.94	-	-	-	-	-
26 September 2018	0.94	2,000	-	-	2,000	2,000
		20,362	-	(2,246)	18,116	18,116

Details of options granted to Directors are disclosed in the section on Directors' interests in this report.

## WARRANTS 2015/2019

The salient features and other terms of the warrants are disclosed in Note 24(a) to the financial statements.

Details of the warrants exercised/lapsed in the previous financial year are as follow:

	Number of warrants	
	30.6.2020 '000	31.8.2019 '000
At the beginning of financial period/year	-	866,344
Less: Exercised	-	(5,432)
Less: Lapsed	-	(860,912)
At the end of financial period/year	-	-

## OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

# DIRECTORS' REPORT

## OTHER STATUTORY INFORMATION (contd.)

- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial period.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial period in which this report is made.

## SIGNIFICANT EVENT

Details of a significant event are disclosed in Note 33 to the financial statements.

## AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Ernst & Young PLT	175	46

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been paid to indemnify Ernst & Young PLT for the financial period ended 30 June 2020.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 August 2020.

**Professor Emeritus Dato'  
Dr. Khalid Bin Abdul Kadir**

**Wan Nadiyah Binti Wan Mohd  
Abdullah Yaakob**

## STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Professor Emeritus Dato' Dr. Khalid Bin Abdul Kadir and Wan Nadiyah Binti Wan Mohd Abdullah Yaakob, being two of the Directors of TMC Life Sciences Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 102 to 160 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 August 2020.

**Professor Emeritus Dato'  
Dr. Khalid Bin Abdul Kadir**

**Wan Nadiyah Binti Wan Mohd  
Abdullah Yaakob**

## STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Wong Yu Chee, being the Officer primarily responsible for the financial management of TMC Life Sciences Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 102 to 160 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed Wong Yu Chee  
at Petaling Jaya  
on 25 August 2020

**Wong Yu Chee  
MIA 16689**

Before me,

Wong Kai Fen (No: B456)  
Commissioner for Oath

# INDEPENDENT AUDITORS' REPORT

to the Members of TMC Life Sciences Berhad

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of TMC Life Sciences Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 102 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### 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 Group and of the Company for the current financial period. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group 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 the responsibilities described in the *Auditors' 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 of our audit opinion on the accompanying financial statements.

#### (A) Revenue recognition - hospital division

(Refer to Notes 2.18 and 4 to the financial statements)

During the financial period ended 30 June 2020, the Group had recognised a total revenue of RM139 million from the hospital division, which represents about 91% of the Group's total revenue.

Given the nature of the hospital operations and that the Group relies heavily on information technology system in accounting for its revenue, where such information technology system processes large volumes of data for numerous types of products and services which consist of individually low value transactions, we assessed the risk of material misstatement in respect of revenue recognition to be higher and therefore identified it as an area of focus. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

# INDEPENDENT AUDITORS' REPORT

to the Members of TMC Life Sciences Berhad

## Report on the audit of the financial statements (contd.)

### Key audit matters (contd.)

#### (A) Revenue recognition - hospital division (contd.)

In addressing this area of focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the management's internal controls over the timing and amount of revenue recognised;
- We involved our information technology specialist to test the operating effectiveness of automated controls over the billing system;
- We tested the non-automated controls in place to ensure completeness and accuracy of revenue recognised, including timely updating of approved billing rate changes in the system and the data interface between the billing system and the general ledger;
- We inspected samples of documents which evidenced the rendering of services and sales of products to customers;
- We inspected samples of documents to establish whether transactions were recorded in the correct accounting period; and
- Using data analytics, we performed correlation analysis between revenue, trade receivables and cash and bank balances.

#### (B) Impairment assessment of goodwill

(Refer to Notes 3.2(a) and 14(a) to the financial statements)

As at 30 June 2020, the carrying amount of goodwill recognised by the Group amounted to RM193 million, representing 25% and 20% of the Group's total non-current assets and total assets respectively. This goodwill relates to a subsidiary principally engaged in healthcare services. The Group is required to perform annual impairment assessment of the cash generating units ("CGU") or groups of CGUs to which this goodwill has been allocated.

The Group estimated the recoverable amount of its CGU to which the goodwill is allocated based on value-in-use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows to be derived from the CGU and discounting it at an appropriate discount rate.

We identified this as our area of audit focus due to the significance of the amount, the complexity and the significant judgement involved in determining the recoverable amount of the CGU using a discounted cash flow approach. Specifically, we focused on the evaluation of the assumptions on revenue growth rate, terminal growth rate and discount rate.

In addressing this area of focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the relevant internal controls over estimating the recoverable amount of the CGUs;
- We evaluated the management's key assumptions on revenue growth rate and terminal growth rate, by taking into consideration the current and expected future economic conditions. We also compared these key assumptions against past actual outcomes of another subsidiary of the Group which operates in similar activity; and
- Together with EY valuation specialist, we evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and assessed whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the CGU.

We also evaluated the adequacy of the Group's disclosures of each key assumption on which the Group has based its cash flow projections. Key assumptions are those to which the recoverable amount is most sensitive, as disclosed in Note 14(a) to the financial statements.

# INDEPENDENT AUDITORS' REPORT

to the Members of TMC Life Sciences Berhad

## Report on the audit of the financial statements (contd.)

### *Information other than the financial statements and auditors' report thereon*

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company 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 of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company 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 the Directors for the financial statements*

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company'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 the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, 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 of the Group and of the Company, 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 and of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of the Directors' 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 or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern;

# INDEPENDENT AUDITORS' REPORT

to the Members of TMC Life Sciences Berhad

## Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (contd.):

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. 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 actions taken to eliminate threats or safeguards applied.

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 Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' 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.

## Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 15 to the financial statements.

## Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Ernst & Young PLT**  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
25 August 2020

**Ng Kim Ling**  
No. 03236/04/2022 J  
Chartered Accountant

# STATEMENTS OF COMPREHENSIVE INCOME

For the financial period from 1 September 2019 to 30 June 2020

	Note	Group		Company	
		1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
Revenue	4	153,406	194,978	3,000	1,500
Other income	5	1,401	866	-	-
Inventories and consumables		(49,637)	(57,376)	-	-
Staff costs	8	(55,406)	(62,931)	(32)	(76)
Other operating expenses		(24,540)	(33,487)	(2,742)	(3,232)
Depreciation and amortisation		(9,944)	(11,207)	-	-
Interest income		3,462	7,393	2,590	6,113
Finance costs	6	(322)	(85)	-	-
<b>Profit before tax</b>	7	18,420	38,151	2,816	4,305
Income tax expense	10	(5,145)	(17,232)	(497)	(1,208)
<b>Profit for the financial period/year</b>		13,275	20,919	2,319	3,097
<b>Other comprehensive loss that may reclassify to profit or loss in subsequent periods (net of tax):</b>					
Foreign currency translation		(1)	(3)	-	-
<b>Total comprehensive income for the financial period/year</b>		13,274	20,916	2,319	3,097
Profit attributable to owners of the parent		13,275	20,919	2,319	3,097
Total comprehensive income for the financial period/year attributable to owners of the parent		13,274	20,916	2,319	3,097
<b>Earnings per share unit attributable to owners of the parent (sen):</b>					
Basic	11	0.76	1.20		
Diluted	11	0.76	1.20		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 30 June 2020

	Note	Group		Company	
		30.6.2020 RM'000	31.8.2019 RM'000	30.6.2020 RM'000	31.8.2019 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	569,606	421,012	-	-
Intangible assets	14	194,949	195,440	-	-
Investment in subsidiaries	15	-	-	532,230	484,199
		764,555	616,452	532,230	484,199
<b>Current assets</b>					
Inventories	16	11,465	10,830	-	-
Trade and other receivables	17	25,906	33,965	89,362	58,751
Tax recoverable		12,058	7,544	254	-
Cash and bank balances	18	136,456	179,725	59,056	138,624
		185,885	232,064	148,672	197,375
<b>Total assets</b>		950,440	848,516	680,902	681,574
<b>Current liabilities</b>					
Trade and other payables	19	68,002	64,790	1,424	985
Borrowings	20	1,606	88	-	-
Provision	21	278	265	-	-
Income tax payable		1	132	-	38
		69,887	65,275	1,424	1,023
<b>Net current assets</b>		115,998	166,789	147,248	196,352
<b>Non-current liabilities</b>					
Borrowings	20	86,794	1,542	-	-
Provision	21	42	55	-	-
Deferred tax liabilities	23	21,599	19,408	-	-
		108,435	21,005	-	-
<b>Total liabilities</b>		178,322	86,280	1,424	1,023
<b>Net assets</b>		772,118	762,236	679,478	680,551
<b>Represented by:</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	24	625,986	625,986	625,986	625,986
Reserves	25	3,496	3,383	3,466	3,352
Retained profits	26	142,636	132,867	50,026	51,213
<b>Total equity</b>		772,118	762,236	679,478	680,551

The accompanying accounting policies and explanatory notes form an integral part of the financial statement.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 September 2019 to 30 June 2020

	Attributable to owners of the parent					Total RM'000
	Share capital RM'000	Share options reserve RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000	Distributable	
<b>At 1 September 2019</b>	625,986	3,352	31	132,867		762,236
Profit for the financial period	-	-	-	13,275		13,275
Other comprehensive loss	-	-	(1)	-		(1)
Total comprehensive income for the financial period	-	-	(1)	13,275		13,274
<b>Transactions with owners</b>						
Fair value charges on share options granted under ESOS	-	114	-	-		114
Dividend on ordinary shares	-	-	-	(3,506)		(3,506)
Total transactions with owners	-	114	-	(3,506)		(3,392)
<b>At 30 June 2020</b>	625,986	3,466	30	142,636		772,118

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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 September 2019 to 30 June 2020

	Attributable to owners of the parent		Non-distributable		Distributable		Total RM'000
	Share capital RM'000	Warrants reserve RM'000	Share options reserve RM'000	Foreign currency translation reserve RM'000	Retained profits RM'000		
<b>At 1 September 2018</b>	621,912	46,960	3,169	34	68,165		740,240
Profit for the financial year	-	-	-	-	20,919		20,919
Other comprehensive income	-	-	-	(3)	-		(3)
Total comprehensive income for the financial year	-	-	-	(3)	20,919		20,916
<b>Transactions with owners</b>							
Issue of ordinary shares pursuant to ESOS	4,074	-	-	-	-		4,074
Fair value charges on share options granted under ESOS	-	-	183	-	-		183
Warrants expired transfer to retained profits	-	(46,960)	-	-	46,960		-
Dividend on ordinary shares	-	-	-	-	(3,177)		(3,177)
Total transactions with owners	4,074	(46,960)	183	-	43,783		1,080
<b>At 31 August 2019</b>	625,986	-	3,352	31	132,867		762,236

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The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 September 2019 to 30 June 2020

	Attributable to owners of the parent				Total RM'000
	Share capital RM'000	Share options reserve RM'000	Retained profits RM'000	Distributable	
<b>At 1 September 2019</b>	625,986	3,352	51,213	680,551	
Profit for the financial period, representing total comprehensive income for the financial period	-	-	2,319	2,319	
<b>Transactions with owners</b>					
Fair value charges on share options granted under ESOS	-	114	-	114	
Dividend on ordinary shares	-	-	(3,506)	(3,506)	
Total transactions with owners	-	114	(3,506)	(3,392)	
<b>At 30 June 2020</b>	625,986	3,466	50,026	679,478	

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# COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial period from 1 September 2019 to 30 June 2020

	Attributable to owners of the parent					Total RM'000
	Share capital RM'000	Warrants reserve RM'000	Share options reserve RM'000	Retained profits RM'000	Distributable	
<b>At 1 September 2018</b>	621,912	46,960	3,169	4,333	676,374	
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	3,097	3,097	
<b>Transactions with owners</b>						
Ordinary shares issued pursuant to ESOS	4,074	-	-	-	4,074	
Fair value charges on share options granted under ESOS	-	-	183	-	183	
Warrants expired transfer to retained profits	-	(46,960)	-	46,960	-	
Dividend on ordinary shares	-	-	-	(3,177)	(3,177)	
Total transactions with owners	4,074	(46,960)	183	43,783	1,080	
<b>At 31 August 2019</b>	625,986	-	3,352	51,213	680,551	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

For the financial period from 1 September 2019 to 30 June 2020

	Group		Company	
	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
<b>Operating activities</b>				
Profit before tax	18,420	38,151	2,816	4,305
Adjustments for:				
Allowance for expected credit losses:				
- trade receivables	500	600	-	-
- other receivables	-	-	1,156	1,565
Amortisation of intangible assets	697	739	-	-
Property, plant and equipment:				
- Depreciation	9,247	10,468	-	-
- Written off	9	-	-	-
- Net (gain)/loss on disposal	(4)	58	-	-
Interest expense	322	85	-	-
Interest income	(3,462)	(7,393)	(2,590)	(6,113)
Dividend income	-	-	(3,000)	(1,500)
Rental concessions	(223)	-	-	-
Fair value charges on share options granted under ESOS	114	183	83	157
<b>Operating profit/(loss) before changes in working capital</b>	<b>25,620</b>	<b>42,891</b>	<b>(1,535)</b>	<b>(1,586)</b>
Changes in working capital:				
Inventories	(635)	(891)	-	-
Receivables	7,559	(3,741)	(79,767)	(29,810)
Payables	(10,014)	2,786	439	(1,129)
<b>Cash flows from/(used in) operation</b>	<b>22,530</b>	<b>41,045</b>	<b>(80,863)</b>	<b>(32,525)</b>
Interest paid	(312)	(85)	-	-
Income taxes paid	(7,599)	(10,769)	(789)	(1,102)
<b>Net cash flows from/(used in) operating activities</b>	<b>14,619</b>	<b>30,191</b>	<b>(81,652)</b>	<b>(33,627)</b>
<b>Investing activities</b>				
Uplift of deposits placed with financial institutions with original maturity of more than three months	38,451	63,542	26,882	64,032
Interest received	3,462	7,393	2,590	6,113
Proceeds from disposals of property, plant and equipment	5	-	-	-
Purchase of property, plant and equipment	(136,353)	(61,233)	-	-
Purchase of intangible assets	(206)	(281)	-	-
Dividend from a subsidiary	-	-	3,000	1,500
<b>Net cash flows (used in)/from investing activities</b>	<b>(94,641)</b>	<b>9,421</b>	<b>32,472</b>	<b>71,645</b>

## STATEMENTS OF CASH FLOWS

For the financial period from 1 September 2019 to 30 June 2020

	Group		Company	
	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
<b>Financing activities</b>				
Dividends paid	(3,506)	(3,177)	(3,506)	(3,177)
Proceeds from ordinary shares issued pursuant to warrants exercised	-	4,074	-	4,074
Net drawdown of term loan	80,062	-	-	-
Repayments of:				
- lease liabilities	(1,286)	-	-	-
- finance lease obligation	(12)	(23)	-	-
- term loan	(52)	(65)	-	-
<b>Net cash flows from/(used in) financing activities</b>	<b>75,206</b>	<b>809</b>	<b>(3,506)</b>	<b>897</b>
<b>Net changes in cash and cash equivalents</b>	<b>(4,816)</b>	<b>40,421</b>	<b>(52,686)</b>	<b>38,915</b>
<b>Effects of exchange rate changes</b>	<b>(2)</b>	<b>(3)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of financial period/year</b>	<b>101,515</b>	<b>61,097</b>	<b>74,130</b>	<b>35,215</b>
<b>Cash and cash equivalents at the end of financial period/year (Note 18)</b>	<b>96,697</b>	<b>101,515</b>	<b>21,444</b>	<b>74,130</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 1. Corporate information

TMC Life Sciences Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at 7th Floor, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. The principal place of business of the Company is located at C-13-09 Sunway Nexis, No.1, Jalan PJU 5/1, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The immediate, penultimate and ultimate holding companies are Sasteria (M) Pte. Ltd., Sasteria Pte. Ltd. and Thomson Medical Group Limited respectively, all of which are incorporated in The Republic of Singapore. The ultimate holding company is listed on the Main Board of Singapore Exchange Securities Trading Limited.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

During the current financial period, the Company changed its financial year end from 31 August to 30 June. The current financial statements of the Group and of the Company are prepared for the period of ten (10) months from 1 September 2019 to 30 June 2020. As a result, the comparative information stated in the statements of comprehensive income, statements of changes in equity and statements of cash flows and the related notes to the financial statements, which were prepared for a twelve (12) month-period ended 31 August 2019, are not comparable.

There have been no significant changes in the nature of these activities during the financial period ended.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 August 2020.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 (the "Act") in Malaysia. At the beginning of the current financial period, the Group and the Company adopted new and amended MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2019 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except otherwise disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM"), and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### 2.2 Changes in accounting policies

On 1 September 2019, the Group and the Company adopted the following new and amended MFRSs which are effective for annual financial periods beginning on or after 1 January 2019.

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 9: <i>Prepayment Features with Negative Compensation</i>	1 January 2019
• MFRS 16: <i>Leases</i>	1 January 2019
• Amendments to MFRS 119: <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
• Amendments to MFRS 128: <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
• Annual Improvements to MFRSs 2015 - 2017 Cycle	1 January 2019
• IC Interpretation 23: <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.2 Changes in accounting policies (contd.)

Adoption of the above standards and interpretation did not have any material effect on the financial performance or position of the Group and of the Company except as discussed below:

#### **MFRS 16 Leases**

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees recognise most leases on the statements of financial position.

Lessor accounting under MFRS 16 is substantially unchanged under MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 September 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets").

The effect of adoption of MFRS 16 of the Group as at 1 September 2019 (increase/(decrease)) is as follows:

	<b>Group RM'000</b>
<b>Non-current assets</b>	
Property, plant and equipment	7,625
<b>Total assets</b>	<b>7,625</b>
<b>Equity and liabilities</b>	
<b>Current liabilities</b>	
Borrowings	1,130
<b>Non-current liabilities</b>	
Borrowings	6,495
<b>Total equity and liabilities</b>	<b>7,625</b>

The Group has lease contracts for various items of premises. Before the adoption of MFRS 16, the Group classified each of its leases at the inception date as either finance lease or an operating lease.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.2 Changes in accounting policies (contd.)

#### MFRS 16 Leases (contd.)

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.17 for the accounting policy beginning 1 September 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

#### Leases previously classified as finance lease

There was no changes to the lease previously classified as finance lease. The Group's finance lease consists of hire purchase of motor vehicles. The leased motor vehicles were classified as property, plant and equipment and the liabilities were presented as part of lease liabilities on the statements of financial position.

#### Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application;
- applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 September 2019:

- right-of-use assets of RM7,625,000 arising from present value of future lease payment were recognised and presented separately in the consolidated statement of financial position; and
- additional lease liabilities of RM7,625,000 were recognised and presented separately in the consolidated statement of financial position.

The lease liabilities as at 1 September 2019 can be reconciled to the operating lease commitments as of 31 August 2019, as follows:

	<b>Group RM'000</b>
Operating lease commitments as at 31 August 2019	3,418
Less: Commitments relating to short-term lease and leases of low-value assets	(1,569)
	<hr/> 1,849
Weighted average incremental borrowing rate as at 1 September 2019	4.55%
	<hr/> 2,208
Discounted operating lease commitments at 1 September 2019	2,208
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 31 August 2019	5,417
	<hr/> 7,625
Lease liabilities as at 1 September 2019	<hr/> <hr/> 7,625

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
• Revised Conceptual Framework for Financial Reporting	1 January 2020
• Amendments to MFRS 3: <i>Definition of a Business</i>	1 January 2020
• Amendments to MFRS 101 and MFRS 108: <i>Definition of Material</i>	1 January 2020
• Amendments to MFRS 9, MFRS 139 and MFRS 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020
• Amendments to MFRS 16: <i>Covid-19 - Related Rent Concessions</i>	1 June 2020
• MFRS 17: <i>Insurance Contracts</i>	1 January 2021
• Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022
• Annual Improvements to MFRSs 2018 - 2020	1 January 2022
• Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
• Amendments to MFRS 116: <i>Proceeds before Intended Use</i>	1 January 2022
• Amendments to MFRS 137: <i>Cost of Fulfilling a Contract</i>	1 January 2022
• Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial applications.

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group 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.

Specifically, the Group controls an investee if, and only if, the Group has:

- (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) exposure, or rights, to variable returns from its investment with the investee; and
- (iii) the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.4 Basis of consolidation (contd.)

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation except for unrealised losses which are not eliminated if there are indications of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date's fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date's fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9: *Financial Instruments* is measured at fair value with the changes in fair value recognised in the statement of comprehensive income in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the fair value of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate fair value of the consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss on acquisition date.

### 2.5 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent of the Group, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent.

Changes in the Company owners' 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 parent.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.6 Subsidiaries

In the Company's separate financial statement, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

### 2.7 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land has an unlimited useful life and is not depreciated. Capital work-in-progress ("WIP") are also not depreciated as these assets are not available for use. Depreciation of buildings constructed on leasehold land is provided for on a straight-line basis to write off the cost of the asset to its residual value over the shorter of the estimated useful life of 50 years or the respective remaining lease periods of the leasehold land.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Long term leasehold land	99 years
Buildings	2%
Electrical and mechanical equipment	10%
Motor vehicles	20%
Medical equipment	10% - 20%
Furniture and fittings	10% - 20%
Renovation	10% - 15%
Office equipment and computers	10% - 33 1/3%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively, if appropriate.

### 2.8 Intangible assets

#### (a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.8 Intangible assets (contd.)

#### (b) Other intangible assets

Intangible assets other than goodwill acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is represent fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful life of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the expected useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

#### *Computer software*

Computer software is measured initially at cost. Following initial acquisition, computer software is measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful life of computer software is assessed to be finite. Computer software is amortised on a straight-line basis over the estimated useful life at an annual rate of 10% - 25% and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method for computer software with finite useful life 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 is treated as changes in accounting estimates. The amortisation expense on computer software with finite life is recognised in profit or loss.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

### 2.9 Inventories

Inventories are stated at the lower of cost, which is determined on the weighted average basis, and net realisable value. Cost includes expenditure incurred in bringing inventories to their present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.10 Impairment of non-financial assets

The Group and the Company assess, 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 and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's and of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group and the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment loss relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (a) Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15: *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL.

The Group and the Company have no financial assets carried at FVOCI for equity instruments and FVTPL.

#### (i) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include cash and bank balances and trade and other receivables.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.11 Financial instruments (contd.)

#### (a) Financial assets (contd.)

##### Subsequent measurement (contd.)

##### (ii) Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

##### Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debts instruments not held at FVTPL. 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 and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sales of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognise 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 next 12 months ("a 12 months ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group applies simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance base on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on historical credit experience. The Group considers forward looking factors do not have significant impact to credit risk given the nature of its industry and the amount ECLs is insensitive to changes to forecast economic conditions.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.11 Financial instruments (contd.)

#### (a) Financial assets (contd.)

##### Impairment of financial assets (contd.)

The Group and the Company consider a financial assets to be default when internal and external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. Financial assets is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### (b) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include lease liabilities, trade and other payables, loans and borrowings including financial guarantee contracts, if any.

##### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVTPL; and
- Financial liabilities at amortised cost (loans and borrowings).

#### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability as at FVTPL.

#### (ii) Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, these financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

This category generally applies to trade and other payables, interest-bearing loans and borrowings, lease liabilities as further disclosed in Note 19, 20 and 22 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.11 Financial instruments (contd.)

#### (b) Financial liabilities (contd.)

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

#### (c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.12 Cash and cash equivalents

Cash and bank balances comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash at banks, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's and of the Company's cash management.

### 2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incur in connection with the borrowing of funds.

### 2.14 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 a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when 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.

Provision for restoration costs are in respect of management's best estimate of the costs necessary to be incurred to restore rented premises. The initial estimated amount is capitalised as part of the cost for property, plant and equipment.

### 2.15 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.16 Warrants

Warrants are classified as equity.

The issue of ordinary shares upon exercise of the warrants are treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Amount allocated in relation to the issuance of free warrants are credited to a warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained profits.

### 2.17 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### (a) Group as a lessee

##### Current financial period

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### (i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	1 - 9 years
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If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy of impairment of non-financial assets is disclosed in Note 2.10.

##### (ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in financial liabilities in Note 20.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.17 Leases (contd.)

#### (a) Group as a lessee (contd.)

##### (iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Previous financial year

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

#### (b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### 2.18 Revenue and other income recognition

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.

#### (a) Sale of goods and rendering of services

Revenue from hospital operations comprises inpatient and outpatient hospital charges and sales of pharmaceutical products, medical and consumable supplies. These are recognised at a point in time upon transfer of control of goods and services to the customers net of discounts, rebates and returns.

Other hospital revenue mainly consists of clinic rental from consultants. These are recognised on an accrual basis in accordance with the substance of the relevant agreements.

#### (b) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.18 Revenue and other income recognition (contd.)

#### (c) Interest income

Interest income is recognised using the effective interest method.

#### (d) Membership fees

Membership fees are recognised upon customers registration with the Group.

#### (e) 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.

### 2.19 Taxes

#### (a) Current income tax

Current income tax assets and liabilities 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 reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. 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 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associate and joint ventures, when 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.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

- when 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 the accounting profit nor taxable profit; and

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.19 Taxes (contd.)

#### (b) Deferred tax (contd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 (contd.):

- in respect of deductible temporary differences associated with investments in subsidiaries, associate and joint ventures, 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 each reporting date 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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 reporting date.

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 OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

#### (c) Sales and services tax ("SST")

Revenue, expenses and assets are recognised net of the amount of SST except:

- (i) when the SST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the SST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- (ii) when receivables and payables are stated with the amount of SST included.

The payable amount of SST to the taxation authority is included as part of payables in the statements of financial position.

### 2.20 Foreign currencies

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.20 Foreign currencies (contd.)

#### (a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### (b) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

### 2.21 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company.

A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of comprehensive income.

### 2.22 Employee benefits

#### (a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.22 Employee benefits (contd.)

#### (b) Defined contribution plan

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (c) Share-based payments

##### Employees' share options scheme ("ESOS")

The Company operates an equity-settled, share-based compensation plan, allowing the employees of the Group to acquire ordinary shares of the Company at predetermined prices. The total fair value of share options granted to employees is recognised as an expense with a corresponding increase in the share options reserve within equity over the vesting period and taking into account the probability that the options will be vested.

The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to become exercisable on vesting date. The Company recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity over the remaining vesting period.

### 2.23 Segment reporting

Operating segments are defined as components of the Group that:

- (a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
  - (i) the combined reported profit of all operating segments that did not report a loss; and
  - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial period in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 2. Summary of significant accounting policies (contd.)

### 2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

### 2.25 Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 3. Significant accounting judgements and estimates

The preparation of the Group's and of the Company's 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 reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### 3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### (a) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 3. Significant accounting judgements and estimates (contd.)

### 3.1 Critical judgements made in applying accounting policies (contd.)

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements (contd.):

#### (a) Determining the lease term of contracts with renewal and termination options – Group as lessee (contd.)

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate such as construction of significant leasehold improvements or significant customisation to the leased asset.

The Group included the renewal period as part of the lease term for leases of properties with shorter non-cancellable period such as one to six years. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on operation if a replacement asset is not readily available. The renewal periods for leases with longer non-cancellable periods are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

### 3.2 Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### (a) Impairment of goodwill

Goodwill is tested for impairment annually and other times when such indicators exist. This requires management to estimate the expected future cash flows of the CGU to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to terminal growth rates and pre-tax discount rate used. If the expectation is different from estimation, such difference will impact the carrying value of goodwill. The carrying amount of goodwill as at 30 June 2020 was RM193,045,000 (2019: RM193,045,000). Further details are disclosed in Note 14(a).

#### (b) Impairment of loans and receivables

The Group assesses at each reporting date impairments on financial assets at amortised cost to be based on a forward-looking ECL model. ECL is the difference between the contractual cash flows due in accordance with the terms of the contract and the cash flows the Group expects to receive. The Group applies the simplified approach, which allows expected lifetime credit losses to be recognised for trade receivables. The ECL is determined based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The carrying amount of the Group's financial assets at amortised cost at reporting date is disclosed in Note 17.

#### (c) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates such as the company's credit rating.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 4. Revenue

	Group		Company	
	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
<b>Revenue from contracts with customer</b>				
Hospital and ancillary services	136,039	172,372	-	-
Clinic services	13,240	17,780	-	-
Clinic rental income	1,390	1,770	-	-
Hospital administration fee	1,504	1,930	-	-
Membership fees	22	66	-	-
	152,195	193,918	-	-
<b>Revenue from other sources</b>				
Dividend income from a subsidiary	-	-	3,000	1,500
Others	1,211	1,060	-	-
	1,211	1,060	3,000	1,500
Total revenue	153,406	194,978	3,000	1,500
<b>Timing of revenue recognition</b>				
Goods and services at a point in time	153,406	194,978	-	-

## 5. Other income

	Group		Company	
	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
Rental income	523	581	-	-
Gain on disposal of property, plant and equipment	5	-	-	-
Rental concessions (Note 22(b))	223	-	-	-
Others	650	285	-	-
	1,401	866	-	-

## 6. Finance costs

	Group	
	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
Interest expense on:		
- lease liabilities (Note 22(b))	261	-
- term loan	61	84
- finance lease obligation	-	1
	322	85

# NOTES TO THE FINANCIAL STATEMENTS

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## 7. Profit before tax

In addition to the other items disclosed elsewhere in the financial statements, the following items have been included in arriving at profit before tax:

	Group		Company	
	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
Auditors' remuneration:				
- statutory audit (EY Malaysia)	175	175	46	46
- other services (EY Malaysia)	5	5	5	5
Director's remuneration, excluding benefits-in-kind (Note 9):				
- Executive Directors	1,162	1,559	-	-
- Non-Executive Directors	245	314	245	314
Property, plant and equipment (Note 13):				
- Depreciation	9,247	10,468	-	-
- Written off	9	-	-	-
- Loss on disposal	1	58	-	-
Amortisation of intangible assets (Note 14)	697	739	-	-
Expenses related to short term leases:				
- equipment	99	85	-	-
- premises	60	1,631	-	-
Allowance for expected credit losses:				
- trade receivables (Note 17(a))	500	600	-	-
- other receivables (Note 17(c))	-	-	1,156	1,565
Realised loss on foreign exchange	4	5	-	-

## 8. Staff costs

	Group		Company	
	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
Salaries, wages and bonuses	41,105	46,538	-	-
Social security contributions	573	626	-	-
Contributions to defined contribution plans	5,427	5,997	-	-
Fair value charges on share options granted under ESOS	63	102	32	76
Allowances	5,218	5,509	-	-
Other benefits	3,020	4,159	-	-
	55,406	62,931	32	76

The Directors' remuneration of the Group and of the Company are disclosed in Note 9.

# NOTES TO THE FINANCIAL STATEMENTS

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## 9. Directors' remuneration

	Group		Company	
	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
<b>Executive Directors' remuneration:</b>				
Salaries and bonuses (Note 7)	1,162	1,559	-	-
Estimated money value of benefits-in-kind:				
- ESOS expense	32	76	32	76
- other emoluments	165	165	-	-
	1,359	1,800	32	76
<b>Non-Executive Directors' remuneration:</b>				
Director fees (Note 7)	245	314	245	314
Estimated money value of benefits-in-kind:				
- ESOS expense	51	81	51	81
- other emoluments	136	194	36	74
	432	589	332	469
Total Directors' remuneration including benefits-in-kind	1,791	2,389	364	545

The number of Directors of the Company whose total remuneration during the financial period fell within the following bands (excluding the award of ESOS) are analysed below:

	Number of Directors	
	1.9.2019 to 30.6.2020	1.9.2018 to 31.8.2019
<b>Executive Directors:</b>		
RM150,001 - RM200,000	-	1
RM350,001 - RM400,000	1	-
RM500,001 - RM550,000	-	1
RM900,001 - RM950,000	1	-
RM1,000,001 - RM1,050,000	-	1
<b>Non-Executive Directors:</b>		
Below RM50,000	1	5
RM50,001 - RM100,000	4	3

# NOTES TO THE FINANCIAL STATEMENTS

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## 10. Income tax expense

	Group		Company	
	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
<b>Statements of comprehensive income:</b>				
Current income tax:				
Malaysian income tax	2,456	9,906	513	1,243
Under/(over) provision in prior financial years	498	889	(16)	(35)
	2,954	10,795	497	1,208
Deferred income tax (Note 23):				
Relating to origination and reversal of temporary differences	1,571	(740)	-	-
Effect of changes in tax rate on real property gains tax	-	7,177	-	-
Underprovision in prior financial years	620	-	-	-
	2,191	6,437	-	-
	5,145	17,232	497	1,208

Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A subsidiary of the Company, Thomson Hospitals Sdn. Bhd. ("THSB"), has obtained approval for the Investment Tax Allowance, granted by the Malaysian Investment Development Authority. THSB will enjoy full exemption on the qualifying expenditures spent for a period of 5 years commencing from 2 January 2015 and this can be used to deduct against its statutory income.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the respective financial period/year are as follows:

	Group		Company	
	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000	1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
Profit before tax	18,420	38,151	2,816	4,305
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)				
	4,421	9,156	676	1,033
Effect of expenses not deductible for tax purposes	906	452	557	570
Income not subject to tax	-	-	(720)	(360)
Effect of utilisation of current financial year investment tax allowance	(1,539)	(733)	-	-
Effect of changes in tax rate on real property gains tax	-	7,177	-	-
Deferred tax assets not recognised during the financial period	239	291	-	-
Under/(over) provision of income tax in prior financial years	498	889	(16)	(35)
Underprovision of deferred tax in prior financial years	620	-	-	-
	5,145	17,232	497	1,208

# NOTES TO THE FINANCIAL STATEMENTS

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## 11. Earnings per ordinary share

### (a) Basic

Basic earnings per ordinary share is calculated by dividing the profit for the financial period/year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period/year.

	<b>Group</b>	
	<b>1.9.2019</b>	<b>1.9.2018</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>31.8.2019</b>
Profit attributable to owners of the parent (RM'000)	13,275	20,919
Weighted average number of ordinary shares in issue ('000)	1,741,882	1,737,627
Basic earnings per share (sen)	0.76	1.20

### (b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the financial period/year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial period/year have been adjusted for the dilutive effects of all potential ordinary shares.

	<b>Group</b>	
	<b>1.9.2019</b>	<b>1.9.2018</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>31.8.2019</b>
Profit attributable to owners of the parent (RM'000)	13,275	20,919
Weighted average number of ordinary shares in issue ('000)	1,741,882	1,737,627
Diluted earnings per share (sen)	0.76	1.20

There was no dilution in the earning per share of the Group in the current financial period and previous financial year as the market values ESOS were lower than the exercise prices. The effect of assumed conversion ESOS outstanding will be anti-dilutive and as such, the diluted earning per share is the same as the basic earning per share.

## 12. Dividends

	<b>Group/Company</b>	
	<b>1.9.2019</b>	<b>1.9.2018</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>31.8.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Recognised during the financial period/year:</b>		
First and final single-tier dividend in respect of financial year ended 31 August 2018 of 0.183 sen ordinary share paid on 27 February 2019	-	3,177
First and final single-tier dividend in respect of financial year ended 31 August 2019 of 0.2013 sen ordinary share paid on 25 March 2020	3,506	-

A first and final single-tier dividend in respect of the financial period ended 30 June 2020, of 0.1678 sen per ordinary share had been declared on 25 August 2020. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the following financial year end.

# NOTES TO THE FINANCIAL STATEMENTS

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## 13. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land RM'000	Electrical and mechanical equipment RM'000	Motor vehicles RM'000	Medical equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Office equipment and computers RM'000	Right-of-use assets-building construction RM'000	Assets under construction RM'000	Total RM'000
<b>2020</b>											
<b>Cost</b>											
At 1 September 2019	180,000	19,668	2,604	350	78,618	3,576	19,874	10,093	-	133,574	513,562
Effects of adoption of MFRS16	-	-	-	-	-	-	-	-	7,625	-	7,625
Additions	180,000	19,668	2,604	350	78,618	3,576	19,874	10,093	7,625	133,574	521,187
Disposals	-	-	138	-	10,736	129	242	997	377	137,481	150,226
Written off	-	-	-	-	(748)	(4)	-	(388)	-	-	(1,140)
Reclassification	-	-	-	-	(34)	(7)	786	(1)	-	-	(42)
	-	-	-	-	578	-	-	-	-	(1,364)	-
At 30 June 2020	180,000	19,668	2,742	350	89,150	3,694	20,902	10,701	8,002	269,691	670,231
<b>Accumulated depreciation</b>											
At 1 September 2019	-	2,587	2,159	255	53,275	2,678	9,116	8,556	-	-	92,550
Depreciation charge for the financial period (Note 7)	-	170	72	26	3,679	272	1,783	778	1,376	-	9,247
Disposals	-	-	-	-	(748)	(4)	-	(387)	-	-	(1,139)
Written off	-	-	-	-	(29)	(3)	-	(1)	-	-	(33)
At 30 June 2020	-	2,757	2,231	281	56,177	2,943	10,899	8,946	1,376	-	100,625
<b>Net carrying amount</b>	180,000	16,911	50,316	69	32,973	751	10,003	1,755	6,626	269,691	569,606

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 13. Property, plant and equipment (contd.)

Group	Long term leasehold land		Buildings		Electrical and mechanical equipment		Motor vehicles		Medical equipment		Furniture and fittings		Renovation		Office equipment and computers		Assets under construction		Total	
	Freehold land RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000
<b>2019</b>																				
<b>Cost</b>																				
At 1 September 2018	180,000	19,668	65,203	2,505	350	75,940	3,376	18,477	9,067	63,794	438,380									
Additions	-	-	37	101	-	3,081	280	710	1,064	71,438	76,711									
Disposals	-	-	(35)	(2)	-	(790)	(80)	-	(26)	-	(933)									
Transfer to intangible assets	-	-	-	-	-	-	-	-	(12)	(584)	(596)									
Reclassification	-	-	-	-	-	387	-	687	-	(1,074)	-									
At 31 August 2019	180,000	19,668	65,205	2,604	350	78,618	3,576	19,874	10,093	133,574	513,562									
<b>Accumulated depreciation</b>																				
At 1 September 2018	-	2,382	12,614	2,033	224	48,654	2,368	6,968	7,723	-	82,966									
Depreciation charge for the financial year (Note 7)	-	205	1,316	128	31	5,405	370	2,148	865	-	10,468									
Disposals	-	-	(6)	(2)	-	(784)	(60)	-	(23)	-	(875)									
Transfer to intangible assets	-	-	-	-	-	-	-	-	(9)	-	(9)									
At 31 August 2019	-	2,587	13,924	2,159	255	53,275	2,678	9,116	8,556	-	92,550									
<b>Net carrying amount</b>	180,000	17,081	51,281	445	95	25,343	898	10,758	1,537	133,574	421,012									

(a) As at the end of the financial period, a long term leasehold land, a freehold building and assets under construction with total carrying amount of RM194,617,000 (2019: RM2,387,000) has been charged to banks for credit facility to the Group as disclosed in Note 20 to the financial statements.

(b) As at the end of the current financial period and previous financial year, a motor vehicle held under hire purchase arrangement was fully depreciated.

(c) Details of right-of-use assets are disclosed at Note 22(a) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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## 13. Property, plant and equipment (contd.)

During the financial period, the Group made the following cash payments to purchase property, plant and equipment:

	<b>Group</b>	
	<b>30.6.2020</b>	<b>31.8.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of property, plant and equipment	150,226	76,711
Unsettled and remained as other payables	(13,873)	(15,432)
Provision for restoration costs (Note 21)	-	(46)
<b>Cash payments on purchase of property, plant and equipment</b>	<b>136,353</b>	<b>61,233</b>

## 14. Intangible assets

Intangible assets represent goodwill arising from acquisition of a subsidiary and computer software.

	<b>Goodwill</b>	<b>Computer software</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>(a)</b>	<b>(b)</b>	
<b>Group</b>			
<b>2020</b>			
<b>Cost</b>			
At 1 September 2019	193,045	4,882	197,927
Additions	-	206	206
<b>At 30 June 2020</b>	<b>193,045</b>	<b>5,088</b>	<b>198,133</b>
<b>Accumulated amortisation and impairment</b>			
At 1 September 2019	-	2,487	2,487
Amortisation charge for the financial period (Note 7)	-	697	697
<b>At 30 June 2020</b>	<b>-</b>	<b>3,184</b>	<b>3,184</b>
<b>Net carrying amount</b>	<b>193,045</b>	<b>1,904</b>	<b>194,949</b>
<b>2019</b>			
<b>Cost</b>			
At 1 September 2018	193,045	4,005	197,050
Additions	-	281	281
Transfer from property, plant and equipment	-	596	596
<b>At 31 August 2019</b>	<b>193,045</b>	<b>4,882</b>	<b>197,927</b>
<b>Accumulated amortisation and impairment</b>			
At 1 September 2018	-	1,739	1,739
Amortisation charge for the financial year (Note 7)	-	739	739
Transfer from property, plant and equipment	-	9	9
<b>At 31 August 2019</b>	<b>-</b>	<b>2,487</b>	<b>2,487</b>
<b>Net carrying amount</b>	<b>193,045</b>	<b>2,395</b>	<b>195,440</b>

# NOTES TO THE FINANCIAL STATEMENTS

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## 14. Intangible assets (contd.)

### (a) Goodwill

Goodwill has been allocated to the operating division of the Group, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The carrying amount of goodwill allocated to the CGU of the Group is as follow:

	<b>Group</b>	
	<b>30.6.2020</b>	<b>31.8.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Healthcare services segment	193,045	193,045

Healthcare services segment represents a subsidiary, BB Waterfront Sdn. Bhd., which was acquired by the Company on 23 June 2015.

For the purpose of impairment testing, the recoverable amount of a CGU is determined based on its value-in-use. The value-in-use is determined by discounting the pre-tax cash flows based on financial forecast and financial projections approved by the management based on the following key assumptions:

	<b>30.6.2020</b>	<b>31.8.2019</b>
	%	%
Terminal growth rate	3.5	3.5
Pre-tax discount rate	6.8	7.6

#### (i) Terminal growth rate

Rate is based on management expectation of the terminal growth rate used to extrapolate cash flows beyond the budget period.

#### (ii) Pre-tax discount rate

The pre-tax discount rate reflects the market assessment of the risks specific to the CGU. This reflected the management's best estimate of return on capital employed in the Group.

The management believes that there is no reasonably possible change in the key assumptions on which management has based its determination of the CGU's recoverable amount, which would cause the CGU's carrying amount to materially exceed its recoverable amount.

Based on the annual impairment testing undertaken by the Group, no impairment loss is required for the carrying amount of the goodwill as at 30 June 2020.

### (b) Computer software

Computer software represents license, professional services, data migration and integration of PMO software that are not an integral part of property, plant and equipment. Software assets are recorded at cost and have finite useful life based on the term of the license or other contractual basis. The cost is amortised over the asset's expected useful life.

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. Investment in subsidiaries

	<b>Company</b>	
	<b>30.6.2020</b>	<b>31.8.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares at cost		
- ordinary shares	381,564	381,564
- redeemable preference shares	150,000	102,000
Less: Accumulated impairment losses	(301)	(301)
	531,263	483,263
Add: Equity contribution to subsidiaries pursuant to ESOS	967	936
	532,230	484,199

During the financial period, the Company increased its investment in a subsidiary amounting to RM48,000,000 by way of capitalisation of certain amounts due from a subsidiary.

Details of the subsidiaries are as follows:

<b>Name of subsidiaries</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Proportion of ownership interest</b>		<b>Non-controlling interest</b>	
			<b>30.6.2020</b>	<b>31.8.2019</b>	<b>30.6.2020</b>	<b>31.8.2019</b>
			%	%	%	%
Thomson Hospitals Sdn. Bhd.	Malaysia	Multi-disciplinary tertiary care services	100	100	-	-
IVF Technologies Sdn. Bhd.	Malaysia	Provision of fertility services and operation of women's clinic	100	100	-	-
TMC Biotech Sdn. Bhd.	Malaysia	Provision of fertility consultancy, laboratory and embryology services and research and development	100	100	-	-
TMC Lifestyle Sdn. Bhd.	Malaysia	Development, marketing and management of healthcare programmes	100	100	-	-
TMC Properties Sdn. Bhd.	Malaysia	Property investment	100	100	-	-
Thomson TCM Sdn. Bhd.	Malaysia	Provision of traditional and complementary services	100	100	-	-

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. Investment in subsidiaries (contd.)

Details of the subsidiaries are as follows (contd.):

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest		Non-controlling interest	
			30.6.2020 %	31.8.2019 %	30.6.2020 %	31.8.2019 %
BB Waterfront Sdn. Bhd.	Malaysia	Provision of healthcare services	100	100	-	-
TMC Care Sdn. Bhd.	Malaysia	Provision of pharmacy services and products	100	100	-	-
<b>i) Subsidiaries of Thomson Hospitals Sdn. Bhd.</b>						
TMC Women's Specialist Holdings Sdn. Bhd.	Malaysia	Business of operating fertility centres and providing related services	100	100	-	-
PT Tropicana Healthcare Indonesia*#	Indonesia	In the process of liquidation	96	96	4	4

\* Audited by firms of auditors other than Ernst & Young

# The non-controlling interest of the subsidiary is deemed to be immaterial to the Group.

Accordingly, the disclosures required by MFRS 12: *Disclosure of Interests in Other Entities* are not presented.

## 16. Inventories

At cost:

	Group	
	30.6.2020 RM'000	31.8.2019 RM'000
Pharmaceutical products	5,326	5,435
Medical and consumable supplies	6,139	5,395
	11,465	10,830

During the financial period, the amount of inventories recognised as an expense in cost of sales of the Group was RM49,636,831 (2019: RM57,376,061).

# NOTES TO THE FINANCIAL STATEMENTS

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## 17. Trade and other receivables

	Note	Group		Company	
		30.6.2020 RM'000	31.8.2019 RM'000	30.6.2020 RM'000	31.8.2019 RM'000
<b>Trade receivables</b>					
Third parties		26,517	37,631	-	-
Less: Allowance for expected credit losses		(5,464)	(8,999)	-	-
Trade receivables, net	(a)	21,053	28,632	-	-
<b>Other receivables</b>					
Other receivables		1,343	1,832	727	845
Amounts due from subsidiaries	(b)	-	-	94,188	62,299
Deposits		1,315	1,560	1	1
Prepayments		2,447	2,193	333	337
		5,105	5,585	95,249	63,482
Less: Allowance for expected credit losses:					
- Other receivables		(252)	(252)	-	-
- Amounts due from subsidiaries		-	-	(5,887)	(4,731)
		(252)	(252)	(5,887)	(4,731)
Other receivables, net	(c)	4,853	5,333	89,362	58,751
Total trade and other receivables		25,906	33,965	89,362	58,751
Less: Prepayments		(2,447)	(2,193)	(333)	(337)
Add: Cash and bank balances (Note 18)		136,456	179,725	59,056	138,624
Total financial assets carried at amortised cost		159,915	211,497	148,085	197,038

### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 (2019: 30 to 60) days terms. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables is as follows:

	Group	
	30.6.2020 RM'000	31.8.2019 RM'000
Neither past due nor impaired	12,078	15,330
1 to 30 days past due not impaired	3,272	6,417
31 to 60 days past due not impaired	633	1,143
61 to 90 days past due not impaired	854	475
91 to 120 days past due not impaired	870	1,224
More than 121 days past due not impaired	3,346	4,043
Past due but not impaired	8,975	13,302
Impaired	5,464	8,999
	26,517	37,631

# NOTES TO THE FINANCIAL STATEMENTS

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## 17. Trade and other receivables (contd.)

### (a) Trade receivables (contd.)

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM8,975,000 (2019: RM13,302,000) that are past due at the reporting date but not impaired.

These receivables are unsecured. Management is confident that these receivables are recoverable as these accounts are still active.

#### Receivables that are past due and impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the expected credit losses are as follows:

	<b>Group</b>	
	<b>30.6.2020</b>	<b>31.8.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables - nominal amount	8,047	13,866
Less: Allowance for expected credit losses	(5,464)	(8,999)
	2,583	4,867

Movement in allowance accounts:

	<b>Group</b>	
	<b>30.6.2020</b>	<b>31.8.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
At the beginning of financial period/year	8,999	8,660
Allowance for expected credit losses (Note 7)	500	600
Written off	(4,035)	(261)
At the end of financial period/year	5,464	8,999

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### (b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 17. Trade and other receivables (contd.)

### (c) Other receivables

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the expected credit losses are as follows:

	Group		Company	
	30.6.2020 RM'000	31.8.2019 RM'000	30.6.2020 RM'000	31.8.2019 RM'000
Other receivables				
- nominal amount	252	252	5,887	4,731
Less: Allowance for expected credit losses	(252)	(252)	(5,887)	(4,731)
	-	-	-	-
Movement in allowance accounts:				
At the beginning of financial period/year				
- Other receivables	252	252	-	-
- Amounts due from subsidiaries	-	-	4,731	3,166
Allowance for expected credit losses (Note 7)				
- Amounts due from subsidiaries	-	-	1,156	1,565
At the end of financial period/year	252	252	5,887	4,731

Included in other receivables of the Group is an amount of RM78,333 (2019: RM32,179) owing from a related Company. Information arising from related party transaction on these outstanding balances are disclosed in Note 27.

## 18. Cash and bank balances

	Group		Company	
	30.6.2020 RM'000	31.8.2019 RM'000	30.6.2020 RM'000	31.8.2019 RM'000
Cash at banks and on hand	76,282	21,068	10,270	2,761
Deposits with licensed banks	60,174	158,657	48,786	135,863
	136,456	179,725	59,056	138,624

(a) Included in deposits with licensed banks of the Group is an amount of RM500,000 (2019: RM510,000) which is pledged as securities for facilities granted to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 18. Cash and bank balances (contd.)

- (b) The weighted average EIR and average maturity of deposits of the Group and of the Company at the reporting date were as follows:

	Group		Company	
	30.6.2020	31.8.2019	30.6.2020	31.8.2019
Weighted average effective fixed interest rates (%)	3.20	3.79	3.34	3.79
Range of maturities (months)	1-12	1-12	3-6	1-12

For the purpose of statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	30.6.2020 RM'000	31.8.2019 RM'000	30.6.2020 RM'000	31.8.2019 RM'000
Cash at banks and on hand	76,282	21,068	10,270	2,761
Deposits with licensed banks	60,174	158,657	48,786	135,863
	136,456	179,725	59,056	138,624
Less:				
Deposits with licensed banks (for more than 3 months)	(39,259)	(77,700)	(37,612)	(64,494)
Deposit pledged to a licensed bank	(500)	(510)	-	-
Total cash and cash equivalents	96,697	101,515	21,444	74,130

## 19. Trade and other payables

	Note	Group		Company	
		30.6.2020 RM'000	31.8.2019 RM'000	30.6.2020 RM'000	31.8.2019 RM'000
<b>Trade payables</b>					
Third parties	(a)	28,119	30,813	-	-
<b>Other payables</b>					
Amounts due to subsidiaries	(b)	-	-	848	731
Other payables	(c)	21,161	17,078	34	37
Deposits received		603	3,431	-	-
Accruals		18,119	13,468	542	217
		39,883	33,977	1,424	985
Total trade and other payables		68,002	64,790	1,424	985
Add: Borrowings (Note 20)		88,400	1,630	-	-
Total financial liabilities carried at amortised cost		156,402	66,420	1,424	985

### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 to 90 (2019: 30 to 90) days.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 19. Trade and other payables (contd.)

### (b) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

### (c) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of two months (2019: average term of two months).

Included in other payables of the Group is an amount of RM8,436 (2019: RM18,898) owing to related companies. Information arising from related party transaction on these outstanding balances are disclosed in Note 27.

## 20. Borrowings

	Maturity	Group	
		30.6.2020	31.8.2019
		RM'000	RM'000
<b>Current</b>			
Lease liabilities	2021	1,544	-
Secured:			
Term loan	2021	62	76
Finance lease obligation	2021	-	12
		1,606	88
<b>Non-current</b>			
Lease liabilities	2022 - 2028	5,210	-
Secured:			
Term loans	2022 - 2030	81,584	1,542
		86,794	1,542
<b>Total borrowings</b>			
Lease liabilities (Note 22(b))		6,754	-
Secured:			
Term loans		81,646	1,618
Finance lease obligation		-	12
		88,400	1,630

As at reporting date, the weighted average EIR for the borrowings were as follows:

	Group	
	30.6.2020	31.8.2019
	%	%
<b>Floating rate</b>		
Term loans	3.88	5.09
<b>Fixed rate</b>		
Lease liabilities	4.55	-
Finance lease obligation	-	2.65

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 20. Borrowings (contd.)

The remaining maturities of the borrowings as at 30 June 2020 and 31 August 2019 are as follows:

	Group	
	30.6.2020	31.8.2019
	RM'000	RM'000
On demand or within one year	1,606	88
More than 1 year and less than 2 years	1,409	80
More than 2 years and less than 5 years	47,646	264
5 years or more	37,739	1,198
	88,400	1,630

On 8 April 2010, a wholly-owned subsidiary, TMC Properties Sdn. Bhd. ("TMCP"), has entered into a term loan facility of up to RM2,125,000 with Public Bank Berhad to finance the purchase of a unit of 3 ½ storey shop office located at Bandar Puchong Jaya. The first drawdown was made in May 2010, and the first principal repayment shall commence in June 2010. The term loan is secured by a first legal charge over the freehold building of the Group as disclosed in Note 13 and a corporate guarantee from the Company as disclosed in Note 29(a).

On 14 January 2020, a wholly-owned subsidiary, Thomson Hospitals Sdn. Bhd. ("THSB"), has entered into a term loan facility of up to RM300 million with Malayan Banking Berhad to facilitate the construction of hospital related expansions plan undertaken by THSB at Kota Damansara, Petaling Jaya ("the Project") with development cost of the Project. The first drawdown was made on 11 March 2020, and the first principal repayment shall commence on the 36-month from the date of first drawdown.

The securities for THSB's facilities are as follows:

- (i) First legal charge over development land intended for the THKD together with the buildings to be erected thereon;
- (ii) Corporate Guarantee from the Company; and
- (iii) General debenture by way of fixed and floating charge over the present and future assets of the Project under the term loan facility.

The term loans are secured by corporate guarantees from the Company as disclosed in Note 29(a) and charges over a long term leasehold land, a freehold building and assets under construction of the Group as disclosed in Note 13.

### Reconciliation of liabilities arising from financing activities

	Current RM'000	Non- current RM'000	Total RM'000
<b>Group/Company</b>			
At 1 September 2019	88	1,542	1,630
Effect of adoption of MFRS 16	1,130	6,495	7,625
	1,218	8,037	9,255
Cash flows	(1,218)	81,216	79,998
Lease liabilities	-	(853)	(853)
Reclassifications	1,606	(1,606)	-
	1,606	86,794	88,400
<b>Group/Company</b>			
At 1 September 2018	92	1,626	1,718
Cash flows	(88)	-	(88)
Reclassifications	84	(84)	-
	88	1,542	1,630

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 21. Provision

	<b>Restoration costs of property, plant and equipment RM'000</b>
<b>Group</b>	
At 1 September 2018	274
Additional provision capitalised in property, plant and equipment (Note 13)	46
<hr/>	
At 31 August 2019/30 June 2020	320
<hr/>	
<b>At 30 June 2020</b>	
Current	278
Non-current:	
- More than 2 years and less than 5 years	42
<hr/>	
	320
<hr/>	
<b>At 31 August 2019</b>	
Current	265
Non-current:	
- More than 2 years and less than 5 years	55
<hr/>	
	320
<hr/>	

Provision for restoration costs are the estimated costs of dismantling, removal or restoration of property, plant and equipment arising from the acquisition or use of such assets.

## 22. Right-of-use assets and lease liabilities

### The Group as a lessee

The Group has lease contracts for various properties and equipment used in its operations. Leases of properties generally have lease terms between 1 and 9 years. The Group's obligation under its leases is secured by the lessor's title to the leased assets. There are several lease contracts that include extension options, which are further discussed below.

The Group also has certain leases of premises with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

### (a) Right-of-use assets

The carrying amounts of right-of-use assets recognised and the movements during the financial period is disclosed in Note 13 to the financial statements under Right-of-use assets-building category and long term leasehold land category.

The leases of premises are mainly used for the Group's hospital operation and clinics, except for four of the premises are used for the Group's office.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 22. Right-of-use assets and lease liabilities (contd.)

### (b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the financial period:

<b>Group</b>	<b>RM'000</b>
As at 1 September 2019	-
Effect of adoption of MFRS 16	7,625
	<hr/> 7,625
Additions (Note 13)	377
Interest expense on lease liabilities (Note 6)	261
Payments	(1,286)
Rental concessions (Note 5)	(223)
	<hr/> 6,754
As at 30 June 2020	<hr/> <hr/> 6,754

The Group has applied the practical expedient to account for the rental concessions as if the change was not a lease modification. The rental concessions are mainly related to the leases of premises used for the Group's operation for clinics.

The maturity analysis of lease liabilities are disclosed in Note 30.

The following are the amounts recognised in profit or loss:

	<b>Group 30.6.2020 RM'000</b>
Depreciation expense of right-of-use assets (Note 13)	1,546
Interest expense on lease liabilities (Note 6)	261
Rental concessions (Note 5)	(223)
Expenses relating to short-term leases (Note 7)	60
	<hr/> 1,644
Total amount recognised in profit or loss	<hr/> <hr/> 1,644

The Group had total cash outflows for leases of RM1,286,000 in the financial period ended 30 June 2020. The Group also had non-cash additions to right-of-use assets and lease liabilities of RM377,000 in the financial period ended 30 June 2020.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 23. Deferred tax assets/(liabilities)

	Group	
	30.6.2020 RM'000	31.8.2019 RM'000
At the beginning of financial period/year	(19,408)	(12,971)
Recognised in profit or loss (Note 10)	(2,191)	(6,437)
At the end of financial period/year	(21,599)	(19,408)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The components and movements of deferred tax assets and liabilities during the financial period before and after offsetting are as follows:

### Deferred tax assets of the Group

	Provisions RM'000	Offsetting RM'000	Total RM'000
At 1 September 2018	2,129	(2,129)	-
Recognised in profit or loss	608	(608)	-
At 31 August 2019	2,737	(2,737)	-
At 1 September 2019	2,737	(2,737)	-
Recognised in profit or loss	(436)	436	-
At 30 June 2020	2,301	(2,301)	-

### Deferred tax liabilities of the Group

	Fair value adjustment on business combination RM'000	Property, plant and equipment RM'000	Offsetting RM'000	Total RM'000
At 1 September 2018	(9,396)	(5,704)	2,129	(12,971)
Recognised in profit or loss	(7,177)	132	608	(6,437)
At 31 August 2019	(16,573)	(5,572)	2,737	(19,408)
At 1 September 2019	(16,573)	(5,572)	2,737	(19,408)
Recognised in profit or loss	-	(1,755)	(436)	(2,191)
At 30 June 2020	(16,573)	(7,327)	2,301	(21,599)

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 23. Deferred tax assets/(liabilities) (contd.)

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

	Group	
	30.6.2020 RM'000	31.8.2019 RM'000
Unused tax losses	8,543	6,968
Unabsorbed capital allowances	791	1,368
	9,334	8,336
Deferred tax benefit at 24% (2019: 24%), if recognised	2,240	2,001

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries are subject to a 7-year limitation on the carry forward of those losses under the Finance Bill 2018 and guidelines issued by the tax authority. The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are also subject to no substantial changes in shareholdings of the respective subsidiaries under Income Tax Act, 1967 and guidelines issued by the tax authority. Deferred tax assets of certain subsidiaries have not been recognised as it is not probable that their future taxable profits will be available against which they may be utilised.

## 24. Share capital

	Group/Company			
	Number of shares		Amount	
	30.6.2020 '000	31.8.2019 '000	30.6.2020 RM'000	31.8.2019 RM'000
<b>Issued and fully paid:</b>				
At the beginning of the financial period/year	1,741,882	1,736,450	625,986	621,912
Ordinary shares issued during the financial period/year, pursuant to conversion of warrants	-	5,432	-	4,074
At the end of the financial period/year	1,741,882	1,741,882	625,986	625,986

### (a) Warrants 2015/2019

On 25 June 2015, the Company listed and quoted 266,666,666 Consideration Warrants pursuant to the acquisition of BB Waterfront Sdn. Bhd. and 599,760,718 Bonus Warrants on the following basis:

- One Consideration Warrant for every two Consideration Shares issued for the acquisition of BB Waterfront Sdn. Bhd.; and
- One Bonus Warrant for every two existing ordinary shares held.

The warrants are constituted by the Deed Poll dated 28 May 2015 ("Deed Poll").

Salient features of the warrants were as follows:

- (i) Each warrant entitled the registered holder thereof ("Warrant holder(s)") to subscribe for one new ordinary share of RM0.10 each in the Company at the exercise price of RM0.75, which may be exercised at any time from the date of issuance to the close of business on the market day immediately preceding the date which was the fourth anniversary from the date of the issuance of warrants ("Exercise Period");
- (ii) Any warrants not exercised during the Exercise Period would thereafter lapse and ceased to be valid for any purpose;

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 24. Share capital (contd.)

### (a) Warrants 2015/2019 (contd.)

Salient features of the warrants were as follows (contd.):

- (iii) Warrant holders must exercise the warrants in accordance with the procedures set out in the Deed Poll as of 28 May 2015 and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing shares of the Company, and shall be entitled for any dividends, rights, allotments and/or other distributions after the issue and allotment thereof;
- (iv) The warrant holders were not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants for new shares in the Company; and
- (v) The Deed Poll and accordingly the warrants, were governed by and shall be construed in accordance with the laws of Malaysia.

All unexercised warrants was transferred to retained profits in prior financial year and the details of the movements of warrants are as follows:

	<b>Number of warrants</b>	
	<b>30.6.2020</b>	<b>31.8.2019</b>
	<b>'000</b>	<b>'000</b>
At the beginning of financial period/year	-	866,344
Less: Exercised	-	(5,432)
Less: Lapsed	-	(860,912)
At the end of financial period/year	-	-

## 25. Reserves

	Note	<b>Group</b>		<b>Company</b>	
		<b>30.6.2020</b>	<b>31.8.2019</b>	<b>30.6.2020</b>	<b>31.8.2019</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Distributable:					
Retained profits	<b>26</b>	142,636	132,867	50,026	51,213
Non distributable:					
Share options reserve	<b>(a)</b>	3,466	3,352	3,466	3,352
Foreign exchange translation reserve	<b>(c)</b>	30	31	-	-
		3,496	3,383	3,466	3,352

### (a) Share options reserve

The share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options. When options are exercised, the amount from the share options reserve is transferred to share capital. The share options reserve in relation to the unexercised options at the expiry of the share option scheme will be transferred to retained profits.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 25. Reserves (contd.)

### (b) Employees' share options scheme

The Company implemented an ESOS, which is in force for a period of five (5) years until 28 May 2020 ("the option period"). On 28 April 2020, the Company resolved to extend the duration of the exercisable of unexercised ESOS shares, expiring on 28 May 2020 for another 5 years to 28 May 2025 in accordance with the provisions of the ESOS By-Laws.

The main features of the ESOS are as follows:

- (i) Eligible Directors and employees 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 services before the date of offer;
- (ii) 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 the Company at any time during the existence of the ESOS;
- (iii) The option price per ordinary share under ESOS granted in 2015 was RM0.75, 2017 and 2018 were RM0.94 respectively;
- (iv) The option granted to an Eligible Person 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:
  - 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, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares of the Company);
- (v) An option granted under ESOS in 2015, 2017 and 2018 may be exercised by the grantee upon achieving the vesting conditions set by the ESOS Committee and is subject to the allotment of shares over the vesting periods of 10 years, 8.34 years, 7.44 years and 6.67 years, respectively after the extension of another 5 years of exercisable period; and
- (vi) The shares shall on issue and allotment rank pari passu in all respect with the then existing issued shares of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 25. Reserves (contd.)

### (b) Employees' share options scheme (contd.)

The details of the options over the ordinary shares of the Company are as follows:

Grant date	Option price RM	← Number of options over ordinary shares →				Exercisable	
		1.9.2019 '000	Granted '000	Exercised '000	Lapsed '000	30.6.2020 '000	30.6.2020 '000
11 June 2015	0.75	9,500	-	-	(2,000)	7,500	7,500
28 August 2015	0.75	5,312	-	-	(246)	5,066	5,066
25 January 2017	0.94	3,550	-	-	-	3,550	3,550
19 December 2017	0.94	-	-	-	-	-	-
26 September 2018	0.94	2,000	-	-	-	2,000	2,000
		20,362	-	-	(2,246)	18,116	18,116

There was no share options exercised during the financial period.

The fair value of share options granted during the financial period were estimated by using a Black-Scholes Model, taking into account the terms and conditions upon which the options were granted. The key inputs of the options are as follows:

	Grant dates				
	26.9.2018	19.12.2017	25.1.2017	28.8.2015	11.6.2015
ESOS expiry date	28.5.2020*	28.5.2020*	28.5.2020*	28.5.2020*	28.5.2020*
Share price at grant date (per share)	RM0.735	RM0.940	RM0.940	RM0.520	RM0.635
Potentially dilutive share price (per share)	RM0.735	RM0.940	RM0.940	RM0.512	RM0.625
Exercise price per share at grant date	RM0.940	RM0.940	RM0.940	RM0.750	RM0.750
Historical volatility	20.94%	22.06%	17.79%	36.73%	36.73%
Risk free rate of return at grant date	3.44%	3.19%	3.40%	3.91%	3.63%
Dividend yield	0.21%	0.21%	0.16%	0.57%	0.57%

\* On 28 April 2020, the Company resolved to extend the duration of the exercisable of unexercised ESOS shares, expiring on 28 May 2020 for another 5 years to 28 May 2025 in accordance with the provisions of the ESOS By-Laws.

### (c) Foreign exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currency are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

## 26. Retained profits

The Company may distribute dividends out of its entire retained profits as of 30 June 2020 and 31 August 2019 under the single-tier system.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 27. Related party transactions

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company with related parties took place at terms agreed between the parties during the financial period:

	Group		Company	
	30.6.2020 RM'000	31.8.2019 RM'000	30.6.2020 RM'000	31.8.2019 RM'000
Administration service charges payable to:				
- a subsidiary	-	-	502	695
- related companies	47	-	-	-
Dividend income from a subsidiary	-	-	3,000	1,500
Procurement of services from:				
- related companies	1,301	199	-	-

Related companies are fellow subsidiaries of ultimate holding company and shareholder controlled companies.

The transactions between related parties are set on terms mutually agreed between the parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2020 and 31 August 2019 are disclosed in Notes 17 and 19.

- (b) Compensation of key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly including any Directors of the Group.

	Group		Company	
	30.6.2020 RM'000	31.8.2019 RM'000	30.6.2020 RM'000	31.8.2019 RM'000
Short term employee benefits	2,085	2,837	-	-
Share options granted under ESOS	17	113	17	97
	2,102	2,950	17	97

## 28. Commitments

### (a) Capital commitments

Capital expenditure as at 30 June 2020 and 31 August 2019 are as follows:

	Group	
	30.6.2020 RM'000	31.8.2019 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
- approved and contracted for	159,757	262,685
- approved but not contracted for	143	164
	159,900	262,849

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 28. Commitments (contd.)

### (b) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its property. The leases have remaining non-cancellable lease terms of between one to six years. Certain leases include a clause to enable upward revision of the rental charge upon renewal of tenancy based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	<b>Group</b>	
	<b>30.6.2020</b>	<b>31.8.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than 1 year	396	439
Later than 1 year and not later than 5 years	224	386
	620	825

## 29. Guarantees and contingencies

### (a) Financial guarantees

	<b>Company</b>	
	<b>30.6.2020</b>	<b>31.8.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unsecured</b>		
Corporate guarantees given to licensed bank for banking facility granted to wholly-owned subsidiaries	81,646	1,618
Letter of guarantee given to suppliers	1,067	3,886
	82,713	5,504

No value has been placed on the corporate guarantees provided by the Company as the directors regard the value of the credit enhancement provided by the said corporate guarantees as minimal. This is because the credit facilities granted under the guarantees are collateralised by fixed charges over a long term leasehold land, a freehold building and assets under construction of the Group as disclosed in Note 13.

### (b) Contingent liabilities

The Group is subject to litigations in the ordinary course of business, mainly arising from its subsidiary's hospital operations. The Directors are of the opinion, based on legal advice, management assessment and sufficiency of medical malpractice insurance, that no significant exposure will arise that requires recognition.

# NOTES TO THE FINANCIAL STATEMENTS

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## 30. Financial instruments

### (a) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

### (b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. Deposits with licensed banks at fixed rates expose the Group and the Company to fair value interest rate risk. The Group and the Company manage their interest rate exposure by maintaining a mix of fixed and floating rate of interest.

#### Sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of deposits with licensed banks and borrowing affected. With all other variables held constant, the Group's and the Company's profit before tax are affected through the impact on floating rate borrowings, as follows:

	Increase/ (decrease) in basis points	(Decrease)/increase in profit before tax	
		1.9.2019 to 30.6.2020 RM'000	1.9.2018 to 31.8.2019 RM'000
<b>Group</b>			
Floating rate borrowing	25 (25)	(848) 848	(21) 21
Deposits with licensed banks	25 (25)	481 (481)	1,503 (1,503)
<b>Company</b>			
Deposits with licensed banks	25 (25)	407 (407)	1,287 (1,287)

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 30. Financial instruments (contd.)

### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for foreign currency risk arising from countries in which a foreign subsidiary operate and amount payable to related company and affiliated company. The currency giving rise to this risk is primarily Indonesian Rupiah Dollar ("IRD").

Included in the following statements of financial position captions of the Group as at the reporting date are balances denominated in the following foreign currency:

	<b>IRD RM'000</b>
<b>Group</b>	
<b>At 30 June 2020</b>	
Trade and other receivables	12
Trade and other payables	(92)
<hr/>	
<b>At 31 August 2019</b>	
Trade and other receivables	11
Trade and other payables	(91)
<hr/>	

In relation to its investment in foreign subsidiary whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in IRD exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	<b>Group (Decrease)/increase in profit before tax</b>	
	<b>1.9.2019 to 30.6.2020 RM'000</b>	<b>1.9.2018 to 31.8.2019 RM'000</b>
IRD/RM - strengthened 5%	(4)	(4)
- weakened 5%	4	4
<hr/>		

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 30. Financial instruments (contd.)

### (d) 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. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash or cash equivalents and credit facilities to meet their working capital requirements as well as the expansion. At the reporting date, approximately 1.8% (FY2019: 5.4%) of the Group's loans and borrowings (Note 20) will mature in less than one year based on the carrying amount reflected in the financial statements.

### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2020</b>				
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade and other payables	68,002	-	-	68,002
Lease liabilities	1,811	4,214	1,647	7,672
Borrowings	2,801	54,787	37,047	94,635
<b>Total undiscounted financial liabilities</b>	<b>72,614</b>	<b>59,001</b>	<b>38,694</b>	<b>170,309</b>
<b>Company</b>				
<b>Financial liabilities:</b>				
Trade and other payables, representing total undiscounted financial liabilities	1,424	-	-	1,424

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 30. Financial instruments (contd.)

### (d) Liquidity risk (contd.)

#### Analysis of financial instruments by remaining contractual maturities (contd.)

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations (contd.).

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>2019</b>				
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade and other payables	64,790	-	-	64,790
Borrowings	166	615	1,454	2,235
<b>Total undiscounted financial liabilities</b>	<b>64,956</b>	<b>615</b>	<b>1,454</b>	<b>67,025</b>
<b>Company</b>				
<b>Financial liabilities:</b>				
Trade and other payables, representing total undiscounted financial liabilities	985	-	-	985

### (e) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade 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.

#### Exposure to credit risk

At the reporting date, the Group'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.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 17.

#### Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 10 (2019: 8) customers, which constituted approximately 51% (2019: 50%) of its trade receivables as at the end of the reporting period.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 17. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with reputable financial institutions.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

## 30. Financial instruments (contd.)

### (f) Fair values

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<b>Note</b>
Trade and other receivables	17
Trade and other payables	19
Borrowings - with floating rate	20

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date as the impact of discounting is immaterial.

## 31. Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue in operations as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

The Group considers its capital to comprise its ordinary share capital, retained profits, share premium, share options reserve, warrants reserve and its foreign exchange translation reserve which are classified as equity in the statement of financial position.

Pursuant to the requirements of Practice Note No.17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial period ended 30 June 2020.

## 32. Segment information

No segmental information is provided as the Group is primarily involved in the healthcare industry and the Group's activities are predominantly in Malaysia. The overseas segment does not contribute more than 10% of the consolidated revenue and assets.

Financial information is presented to management in accordance with the measurement policies of MFRS and IFRS. There are no adjustments or eliminations made in preparing the Group's financial statements from the reportable segment revenues, profit or loss, assets and liabilities.

### Major customers

The Group does not have significant reliance on a single major customer, with whom the Group transacted ten percent (10%) or more of its revenue during the financial period.

## 33. Significant event

The emergence and spread of coronavirus (COVID-19) in early 2020 has affected businesses and economic activities in Malaysia and beyond. During the implementation of Movement Control Order, the Group experienced a very challenging operating environment. Various initiatives were implemented during this time including cost control and cash conservation measures as well as new services e.g. Drive-Thru COVID-19 test, e-Pharmacy, home delivery of medication and the Thomson Hospital Online teleconsultation platform. With the implementation of the Recovery Movement Control Order ("RMCO"), the Group has seen a recovery of local patient load to our hospital and fertility operations. The Group is cautiously optimistic of its mid- and long-term prospects.

## LIST OF PROPERTIES

Location	Description/ Existing use	Approximate age of building (years)	Land area (square feet)	Gross floor area (square feet)	Tenure	Net book value at 30.06.2020 RM'000
Land and building at Lot No. 11, Jalan Teknologi Taman Sains Selangor 1 PJU 5, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Private hospital	12.75	261,369	235,256	Leasehold for 99 years expiring 17 April 2108	72,653
Shoplot at No. 5, Jalan Merbah 3 Bandar Puchong Jaya 47800 Puchong Selangor Darul Ehsan	Ground Floor - Fertility Centre 1 <sup>st</sup> Floor - Vacant 2 <sup>nd</sup> Floor - Vacant 3 <sup>rd</sup> Floor - For staff usage	11.75	1,873	6,625	Freehold	2,338
PTB No.24436, Title No. H.S (D) 566005 Town District of Johor Bahru State of Johor Darul Takzim (Located along Jalan Stulang Darat, in the vicinity of Stulang Darat, Johor Bahru)	Vacant A parcel of development land approved for development of private medical centre	-	180,292	-	Freehold	180,000

# ANALYSIS OF SHAREHOLDINGS

As at 1 September 2020

NUMBER OF ISSUED SHARE : 1,741,882,393 ORDINARY SHARES  
 CLASS OF SHARES : ORDINARY SHARES  
 VOTING RIGHTS : ONE VOTE PER ORDINARY SHARE  
 NUMBER OF SHAREHOLDERS : 4,011

## DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
LESS THAN 100	177	4.41	6,574	0.00
100 TO 1,000	349	8.70	205,841	0.01
1,001 TO 10,000	1,683	41.96	10,636,030	0.61
10,001 TO 100,000	1,498	37.35	53,203,581	3.05
100,001 TO LESS THAN 5% OF ISSUED SHARES	302	7.53	323,192,212	18.56
5% AND ABOVE OF ISSUED SHARES	2	0.05	1,354,638,155	77.77
<b>TOTAL</b>	<b>4,011</b>	<b>100.00</b>	<b>1,741,882,393</b>	<b>100.00</b>

## THIRTY LARGEST SHAREHOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name	No. of Shares	% of Issued Share Capital
1.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. [QUALIFIER: UOB KAY HIAN PTE. LTD. FOR SASTERIA (M) PTE. LTD.]	1,221,638,155	70.13
2.	DYAM TUNKU ISMAIL IBNI SULTAN IBRAHIM	133,000,000	7.64
3.	HSBC NOMINEES (ASING) SDN. BHD. [QUALIFIER: EXEMPT AN FOR CREDIT SUISSE (HK BR-TST-ASING)]	83,641,300	4.80
4.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. [QUALIFIER: EXEMPT AN FOR UOB KAY HIAN PTE. LTD. (A/C CLIENTS)]	31,490,033	1.81
5.	CGS-CIMB NOMINEES (ASING) SDN. BHD. [QUALIFIER: EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)]	25,930,800	1.49
6.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR SLOW WONG YEN @ SLOW KWANG HWA]	17,737,000	1.02
7.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: CIMB BANK FOR SLOW WONG YEN @ SLOW KWANG HWA (PBCL-OG0320)]	15,000,000	0.86
8.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: CIMB BANK FOR SLOW WONG YEN @ SLOW KWANG HWA (PBCL-OG0062)]	10,000,000	0.58
9.	ANASTASIA AMANDA BEH GAIK SIM	9,759,400	0.56
10.	LIM GAIK BWAY @ LIM CHIEW AH	5,118,400	0.29
11.	SURINDER SINGH A/L RANBIR SINGH	4,533,333	0.26

# ANALYSIS OF SHAREHOLDINGS

As at 1 September 2020

## THIRTY LARGEST SHAREHOLDERS (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER) (continued)

No.	Name	No. of Shares	% of Issued Share Capital
12.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR WONG FUEI BOON]	4,065,000	0.23
13.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR LIM ZHONG YONG]	4,000,000	0.23
14.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR HO LIH MENG]	3,500,000	0.20
15.	MERSEC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR NG AIK SERN]	2,800,000	0.16
16.	BEH ENG PAR	2,620,950	0.15
17.	CHIEW POH CHENG	2,300,000	0.13
18.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: CIMB COMMERCE TRUSTEE BERHAD FOR AFFIN HWANG MULTI-ASSET FUND 3]	2,000,000	0.11
19.	WONG CHOON KEIT	2,000,000	0.11
20.	TEKAD MAJU SDN. BHD.	1,950,000	0.11
21.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: EXEMPT AN FOR UOB KAY HIAN PTE. LTD. (A/C CLIENTS) (E-KLC)]	1,685,100	0.10
22.	HOOI THIEN ENG	1,519,466	0.09
23.	MOHD SALLEH BIN HJ HARUN	1,517,600	0.09
24.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR YIP TUCK LEONG (E-KLC)]	1,489,800	0.09
25.	CHAI KOK KUM	1,404,500	0.08
26.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: PLEDGED SECURITIES ACCOUNT FOR YEW BOON HEAN (YEW0048C)]	1,400,000	0.08
27.	SU MING YAW	1,227,000	0.07
28.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. [QUALIFIER: CHIEW LIK ING]	1,217,098	0.07
29.	CITIGROUP NOMINEES (ASING) SDN. BHD. [QUALIFIER: CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES]	1,213,500	0.07
30.	LIM PAK LIAN	1,213,000	0.07
		<b>1,596,971,435</b>	<b>91.68</b>

# ANALYSIS OF SHAREHOLDINGS

As at 1 September 2020

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Share Capital	No. of Shares Held	% of Issued Share Capital
SASTERIA (M) PTE. LTD.	1,221,638,155	70.13	-	-
SASTERIA PTE. LTD.	-	-	1,221,638,155 <sup>(1)</sup>	70.13
LIM ENG HOCK	-	-	1,221,638,155 <sup>(2)</sup>	70.13
DYAM TUNKU ISMAIL IBNI SULTAN IBRAHIM	133,000,000	7.64	-	-
THOMSON MEDICAL GROUP LIMITED	-	-	1,221,638,155 <sup>(3)</sup>	70.13

Notes:

- (1) Deemed interested through its 100% shareholdings in Sasteria (M) Pte. Ltd. pursuant to Section 8 of the Companies Act, 2016.
- (2) Deemed interested by virtue of his ultimate shareholdings in Sasteria (M) Pte. Ltd., Sasteria Pte. Ltd. and Thomson Medical Group Limited pursuant to Section 8 of the Companies Act, 2016.
- (3) Deemed interested through its 100% shareholdings in Sasteria (M) Pte. Ltd. and Sasteria Pte. Ltd. pursuant to Section 8 of the Companies Act, 2016.

## DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	Ordinary Shares				ESOS	
	Direct		Indirect		No. of Option Granted	% of Option Granted <sup>#</sup>
	No. of Shares Held	% of Issued Share Capital	No. of Shares Held	% of Issued Share Capital		
PROFESSOR EMERITUS DATO' DR. KHALID BIN ABDUL KADIR	500,000	0.03	200,000 <sup>(1)</sup>	0.01	3,500,000	19.33
GARY HO KUAT FOONG	-	-	-	-	2,000,000	11.04
CLAIRE LEE SUK LENG	-	-	-	-	2,000,000	11.04
WAN NADIAH BINTI WAN MOHD ABDULLAH YAAKOB	-	-	-	-	2,000,000	11.04
KAN KHEONG NG	-	-	-	-	2,000,000	11.04
DR. LAM LEE G	-	-	-	-	-	-
DATO' SRI MOHD MOKHTAR BIN MOHD SHARIFF	-	-	-	-	-	-
WILSON SAM	-	-	-	-	-	-

Notes:

- (1) Deemed interested by virtue of his spouse's interest pursuant to Section 59 of the Companies Act, 2016.

<sup>#</sup> Based on the options granted as at 1 September 2020 under Employees' Share Option Scheme ("ESOS")

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Eighteenth Annual General Meeting of the Company will be held on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 4 November 2020 at 10:00 a.m. for the following purposes:

## AGENDA

1. To receive the Audited Financial Statements for the financial period ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon. *(Please refer to Explanatory Note 1)*
2. To approve the declaration and payment of a final single-tier dividend of 0.1678 sen per ordinary share in respect of the financial period ended 30 June 2020. *(Resolution 1)*
3. To approve the payment of Directors' fees amounting to RM429,000 for the financial year ending 30 June 2022. *(Resolution 2)*
4. To approve the payment of Directors' benefits amounting to RM91,500 for the financial year ending 30 June 2022. *(Resolution 3)*
5. To re-elect the following Directors who are due to retire pursuant to Clause 97 of the Company's Constitution and being eligible, have offered themselves for re-election:
  - (a) Mr. Gary Ho Kuat Foong; and *(Resolution 4)*
  - (b) Ms. Claire Lee Suk Leng. *(Resolution 5)*
6. To re-appoint Ernst & Young PLT as the Company's Auditors until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. *(Resolution 6)*

## AS SPECIAL BUSINESS

To consider and, if thought fit, with or without any modification, to pass the following ordinary resolutions:

7. **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016** *(Resolution 7)*

**"THAT** subject to the Companies Act 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

**AND THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."
8. **RETENTION OF MR. GARY HO KUAT FOONG AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR** *(Resolution 8)*

**"THAT** subject to the passing of Resolution 4, Mr. Gary Ho Kuat Foong be and is hereby retain as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance."

## NOTICE OF ANNUAL GENERAL MEETING

9. **PROPOSED ALLOCATION OF EMPLOYEES' SHARE OPTION SCHEME ("ESOS") TO MS. WAN NADIAH BINTI WAN MOHD ABDULLAH YAAKOB**

(Resolution 9)

"**THAT** in addition to the existing allocation, approval be and is hereby given to the Board of Directors, at any time and from time to time throughout the duration of ESOS, to offer and grant Ms. Wan Nadiyah Binti Wan Mohd Abdullah Yaakob, Executive Director and Group Chief Executive Officer of the Company, up to 2,000,000 additional options to subscribe for such number of ordinary shares in the Company, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (where applicable), or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities, as amended from time to time, and subject always to such terms and conditions and/or any adjustments or variations, which may be made in accordance with the provision of the By-Laws of the ESOS of the Company."

10. **PROPOSED ALLOCATION OF ESOS TO DR. LAM LEE G**

(Resolution 10)

"**THAT** approval be and is hereby given to the Board of Directors, at any time and from time to time throughout the duration of ESOS, to offer and grant Dr. Lam Lee G, Independent Non-Executive Director of the Company, up to 2,000,000 options to subscribe for such number of ordinary shares in the Company, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (where applicable), or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities, as amended from time to time, and subject always to such terms and conditions and/or any adjustments or variations, which may be made in accordance with the provision of the By-Laws of the ESOS of the Company."

11. **PROPOSED ALLOCATION OF ESOS TO DATO' SRI MOHD MOKHTAR BIN MOHD SHARIFF**

(Resolution 11)

"**THAT** approval be and is hereby given to the Board of Directors, at any time and from time to time throughout the duration of ESOS, to offer and grant Dato' Sri Mohd Mokhtar Bin Mohd Shariff, Independent Non-Executive Director of the Company, up to 2,000,000 options to subscribe for such number of ordinary shares in the Company, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (where applicable), or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities, as amended from time to time, and subject always to such terms and conditions and/or any adjustments or variations, which may be made in accordance with the provision of the By-Laws of the ESOS of the Company."

12. To transact any other ordinary business for which due notice has been given.

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN** that a final single-tier dividend of 0.1678 sen per ordinary share in respect of the financial period ended 30 June 2020, if approved by shareholders, will be payable on 4 January 2021 to shareholders whose names appear in the Record of Depositors on 7 December 2020.

A depositor shall qualify for entitlement to the dividend only in respect of:

- Securities transferred into the Depositor's Securities Account before 4:30 p.m. on 7 December 2020 in respect of transfers; and
- Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Chua Siew Chuan (SSM PC No. 201908002648) (MAICSA No.: 0777689)  
Chin Mun Yee (SSM PC No. 201908002785) (MAICSA No.: 7019243)  
Company Secretaries

Kuala Lumpur  
6 October 2020

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

1. A member of the Company entitled to attend, participate, speak and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may, but need not, be a member of the Company and there shall be no restriction as to the qualification of the proxy.
2. Where a member appoints two (2) proxies, he shall specify the proportions of his holdings to be represented by each proxy, failing which, the appointment shall be invalid.

As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and its subsequent revisions, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to [eservices@sshb.com.my](mailto:eservices@sshb.com.my) during the Meeting. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/Management/relevant advisers during the Meeting.

3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, such member may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.
6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting at which the person named in the appointment proposes to vote:

i. In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at SS E Solutions Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

ii. By electronic means via email

In the case of an appointment made via email transmission, this proxy form must be received via email at [eservices@sshb.com.my](mailto:eservices@sshb.com.my).

For option (ii), the Company will require the member to deposit the original executed proxy form as in (i) above no later than Monday, 2 November 2020 at 10:00 a.m. for verification purpose.

iii. Online

In the case of an appointment made via online lodgement facility, please submit the proxy form electronically via Securities Services e-Portal at <https://sshb.net.my/>.

7. Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshb.net.my/> by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details as attached in the Annual Report.
8. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointor.
9. For the purpose of determining who shall be entitled to attend this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 62 of the Constitution of the Company, a Record of Depositors as at 28 October 2020 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend this Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes to Ordinary and Special Business:

1. Audited Financial Statements for the financial period ended 30 June 2020.

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

2. Resolution 2 – Directors' fees

The proposed Resolution 2 is for the purpose of approving the payment of Directors' fees amounting to RM429,000 for the financial year ending 30 June 2022.

3. Resolution 3 – Directors' benefits

The proposed Resolution 3 is for the purpose of approving the payment of Directors' benefits amounting to RM91,500 for the financial year ending 30 June 2022. The Directors' benefits comprise meeting allowances. The total estimated amount of Directors' benefits payable is calculated based on the size of the Board of Directors and Board Committees and the number of meetings estimated to be held during the financial year ending 30 June 2022.

Payment of the Directors' benefits would be made by the Company on a monthly basis and/or as and when incurred if the proposed Resolution 3 has been passed at the Eighteenth Annual General Meeting. The Board of Directors is of the view that it is just and equitable for the Directors to be paid on Directors' benefits on such basis, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries (if any) throughout the period as stated therein.

4. Resolution 7 – Authority to issue and allot shares

The proposed Resolution 7 is primarily to give flexibility to the Board of Directors to issue and allot shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of the next Annual General Meeting of the Company.

This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

The previous mandate was not utilised and accordingly no proceeds were raised.

5. Resolution 8 - Retention of Mr. Gary Ho Kuat Foong as an Independent Non-Executive Director

The proposed Resolution 8 is for the purpose of retaining Mr. Gary Ho Kuat Foong, who has served the Company for more than nine (9) years as an Independent Non-Executive Director of the Company and has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, therefore, considers him to be independent and recommends that he should be retained as an Independent Non-Executive Director of the Company.

6. Resolutions 9, 10 and 11 – Proposed allocation of ESOS to Ms. Wan Nadiah Binti Wan Mohd Abdullah Yaakob, Dr. Lam Lee G and Dato' Sri Mohd Mokhtar Bin Mohd Shariff

In accordance with Bursa Malaysia Securities Berhad Main Market Listing Requirements, the proposed resolutions are to seek shareholders' approval for the Company to offer and grant ESOS to Ms. Wan Nadiah Binti Wan Mohd Abdullah Yaakob, Executive Director and Group Chief Executive Officer of the Company, Dr. Lam Lee G., Independent Non-Executive Director of the Company and Dato' Sri Mohd Mokhtar Bin Mohd Shariff, Independent Non-Executive Director of the Company to participate in the ESOS in accordance with the By-Laws of the ESOS of the Company.

\*I/We (full name) \_\_\_\_\_

\*NRIC/ Passport/ Registration No. \_\_\_\_\_

of (full address) \_\_\_\_\_

being a \*member/members of **TMC LIFE SCIENCES BERHAD** [Registration No. 200301021989 (624409-A)] hereby appoint:-

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
<b>* and</b>			

or \*THE CHAIRMAN OF THE MEETING, as \*my/our \*proxy/proxies, to vote for \*me/us and on \*my/our behalf at the **EIGHTEENTH ANNUAL GENERAL MEETING** of the Company to be held on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damansara, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 4 November 2020 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided, how you wish your vote to be cast in respect of the following resolutions. In the absence of specific directions, your proxy may vote or abstain at his/her discretion. If you appoint two (2) proxies, please specify the proportions of holdings to be represented by each proxy.

My/our proxy/proxies is/are to vote as indicated below:

1.	To receive the Audited Financial Statements for the financial period ended 30 June 2020 together with the Reports of the Directors and the Auditors thereon.			
<b>No.</b>	<b>Resolutions</b>	<b>Resolution</b>	<b>For</b>	<b>Against</b>
2.	To approve the declaration and payment of a final single-tier dividend of 0.1678 sen per ordinary share in respect of the financial period ended 30 June 2020.	1		
3.	To approve the payment of Directors' fees amounting to RM429,000 for the year ending 30 June 2022.	2		
4.	To approve the payment of Directors' benefits amounting to RM91,500 for the financial year ending 30 June 2022.	3		
5(a).	To re-elect Mr. Gary Ho Kwat Foong who is due to retire as a Director pursuant to Clause 97 of the Company's Constitution.	4		
5(b).	To re-elect Ms. Claire Lee Suk Leng who is due to retire as a Director pursuant to Clause 97 of the Company's Constitution.	5		
6.	To re-appoint Ernst & Young PLT as the Company's Auditors and to authorise the Directors to fix their remuneration.	6		
<b>As Special Business:</b>				
7.	Authority to issue shares pursuant to the Companies Act 2016.	7		
8.	Retention of Mr. Gary Ho Kwat Foong as an Independent Non-Executive Director.	8		
9.	Proposed allocation of Employees' Share Option Scheme ("ESOS") to Ms. Wan Nadiyah Binti Wan Mohd Abdullah Yaakob.	9		
10.	Proposed allocation of ESOS to Dr. Lam Lee G.	10		
11.	Proposed allocation of ESOS to Dato' Sri Mohd Mokhtar Bin Mohd Shariff.	11		

\* Delete if not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Number of shares held:	
CDS account no.:	
Telephone no.:	
Email address:	

\_\_\_\_\_  
Signature/Common Seal of Shareholder

Lastly, fold this flap for sealing

Notes:

1. A member of the Company entitled to attend, participate, speak and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may, but need not, be a member of the Company and there shall be no restriction as to the qualification of the proxy.

2. Where a member appoints two (2) proxies, he shall specify the proportions of his holdings to be represented by each proxy, failing which the appointment shall be invalid.

As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers that was issued on 18 April 2020 and its subsequent revisions, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to [eservices@sshb.com.my](mailto:eservices@sshb.com.my) during the Meeting. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/Management/relevant advisers during the Meeting.

3. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, such member may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. If no name is inserted in the space provided for the name of your proxy, the Chairman of the Meeting will act as your proxy.

6. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting at which the person named in the appointment proposes to vote:

i. In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited at SS E Solutions Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

ii. By electronic means via email

In the case of an appointment made via email transmission, this proxy form must be received via email at [eservices@sshb.com.my](mailto:eservices@sshb.com.my).

For option (ii), the Company will require the member to deposit the original executed proxy form as in (i) above no later than Monday, 2 November 2020 at 10:00 a.m. for verification purpose.

iii. Online

In the case of an appointment made via online lodgement facility, please submit the proxy form electronically via Securities Services e-Portal at <https://sshb.net.my/>.

7. Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://sshb.net.my/> by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details as attached in the Annual Report.

8. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The Directors may, but shall not be bound to require evidence of the authority of any such attorney or officer. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointor.

9. For the purpose of determining who shall be entitled to attend this Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Clause 62 of the Constitution of the Company, a Record of Depositors as at 28 October 2020 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend this Meeting.

Fold here

Affix  
Stamp  
Here

Poll Administrator  
SS E Solutions Sdn. Bhd.  
Level 7, Menara Milenium,  
Jalan Damanlela, Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur,  
Wilayah Persekutuan.

Fold here

# ADMINISTRATIVE GUIDE



## SECURITIES SERVICES e-PORTAL

### WHAT IS Securities Services e-Portal?

**Securities Services e-Portal** is an online platform that will allow both individual shareholders and body corporate shareholders through their appointed representatives, to -

- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Attend and participate at meetings remotely via live streaming
- Vote online remotely on resolutions tabled at meetings

(referred to as “**e-Services**”)

The usage of the e-Portal is dependent on the engagement of the relevant e-Services by TMC Life Sciences Berhad and is by no means a guarantee of availability of use, unless we are so engaged to provide. **All users are to read, agree and abide to all the Terms and Conditions of Use and Privacy Policy as required throughout the e-Portal.**

### REQUIRE ASSISTANCE?

Please contact Mr. Wong Piang Yoong (DID: +603 2084 9168) or Ms Lee Pei Yeng (DID: +603 2084 9169) or Ms Rachel Ou (DID: +603 2084 9145) or contact our general line (DID: +603 2084 9000) and request for e-Services Assistance. Alternatively, you may email us at [eservices@sshbs.com.my](mailto:eservices@sshbs.com.my).

## BEFORE THE MEETING

### FIRST, register as a User of Securities Services e-Portal

**ALL USERS MUST REGISTER AT LEAST TWO (2) WORKING DAYS BEFORE THE CLOSING OF PROXY FORM SUBMISSION OR REGISTRATION FOR REMOTE PARTICIPATION AT MEETING ONLINE I.E., BY 28 OCTOBER 2020, AS ONE (1) WORKING DAY IS REQUIRED TO PROCESS ALL PORTAL USER REGISTRATIONS.**

- Step 1 Visit <https://www.sshsb.net.my/login.aspx>  
Step 2 Register as a user - registration is free  
Step 3 Wait for our notification email that will be sent within one (1) working day  
Step 4 Verify your user account within seven (7) days of the notification email and log in

- **This is a ONE-TIME registration.** If you are already a registered user of **Securities Services e-Portal**, you need not register again.
- Your email address is your User ID.

**SECOND, once you have successfully registered as a User of Securities Services e-Portal, log in to <https://www.sshsb.net.my/login.aspx> with your registered email and password**

Where you wish to participate remotely at the meeting	Where you wish to appoint proxy(ies) to participate remotely on your behalf
Register for remote participation at the meeting [ Refer to (A) below ]	Submit your e-Proxy Form online [ Refer to (B) below ] (or you may also submit the hard copy Proxy Form)

### (A) REGISTRATION FOR REMOTE PARTICIPATION AT MEETING

Meeting	Registration for Remote Participation Closing Date and Time
18 <sup>th</sup> Annual General Meeting (“AGM”) on Wednesday, 4 November 2020 at 10:00 a.m.	Monday, 2 November 2020 at 10:00 a.m.

- Look for **TMC Life Sciences Berhad** under Company Name and **18<sup>th</sup> AGM on 4 November 2020 at 10:00 a.m. - Registration for Remote Participation** under Corporate Exercise / Event and click “>” to register for remote participation at the meeting.

# BEFORE THE MEETING

Step 1 Check if you are attending as -

- Individual shareholder
- Corporate or authorised representative of a body corporate

*For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the registration closing date and time above.*

Step 2 Enter your CDS account number or the body corporate's CDS account number.

- A copy of your e-Registration for remote participation can be accessed via **My Records** (refer to the left navigation panel).
- You need to register for remote participation for **every CDS account(s)** you have or represent as an individual shareholder or corporate or authorised representative.
- As the meeting will be conducted on a fully virtual basis and only the Chairman will be present at the broadcast venue, we highly encourage all shareholders to remotely participate and vote at the meeting, failing which, please appoint the Chairman of the meeting as proxy or your own proxy(ies) to represent you.

## (B) SUBMISSION OF e-PROXY FORM

Meeting	Proxy Form Submission Closing Date and Time
18 <sup>th</sup> AGM on Wednesday, 4 November 2020 at 10:00 a.m.	Monday, 2 November 2020 at 10:00 a.m.

- Look for **TMC Life Sciences Berhad** under Company Name and **18<sup>th</sup> AGM on 4 November 2020 at 10:00 a.m. - Submission of Proxy Form** under Corporate Exercise / Event and click ">" to submit your proxy forms online for the meeting by the submission closing date and time above.

Step 1 Check if you are submitting the proxy form as -

- Individual shareholder
- Corporate or authorised representative of a body corporate

*For body corporates, the appointed corporate/authorised representative is to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in 1 file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above .*

Step 2 Enter your CDS account number or the body corporate's CDS account number and corresponding number of securities. Then enter the information of your proxy(ies) and the securities to be represented by your proxy(ies).

**You are strongly encouraged to appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.**

Step 3 Proceed to indicate how your votes are to be casted against each resolution.

Step 4 Review and confirm your proxy form details before submission.

- A copy of your submitted e-Proxy Form can be accessed via **My Records** (refer to the left navigation panel).
- You need to submit your e-Proxy Form for **every CDS account(s)** you have or represent.

## PROXIES

All appointed proxies need not register for remote participation under (A) above but will **need to register as Users** of the e-Portal at least two (2) working days before the submission closing date and time for proxy forms i.e., **by 28 October 2020**. Upon processing the proxy forms, we will grant the proxy access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal, failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a fully virtual basis.

# ON THE DAY OF THE MEETING

Log in to <https://www.sshsb.net.my/login.aspx> with your registered email and password

## JOINING THE LIVE STREAM MEETING (eLive)

Meeting	eLive Access Date and Time
18 <sup>th</sup> AGM on Wednesday, 4 November 2020 at 10:00 a.m.	Wednesday, 4 November 2020 at 9:30 a.m.

- Look for **TMC Life Sciences Berhad** under Company Name and **18<sup>th</sup> AGM on 4 November 2020 at 10:00 a.m. - Live Stream Meeting** under Corporate Exercise / Event and click "➤" to join the meeting.
- The access to the live stream meeting will open on the abovementioned date and time.
- If you have any questions to raise, you may use the text box to transmit your question. The Chairman/Board/Management/relevant adviser will endeavour to broadcast your question and their answer during the meeting. Do take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.

## REMOTE ONLINE VOTING DURING THE MEETING (eVoting)

Meeting	eVoting Access Date and Time
18 <sup>th</sup> AGM on Wednesday, 4 November 2020 at 10:00 a.m.	Wednesday, 4 November 2020 at 10:00 a.m.

- Look for **TMC Life Sciences Berhad** under Company Name and **18<sup>th</sup> AGM on 4 November 2020 at 10:00 a.m. - Remote Voting** under Corporate Exercise / Event and click "➤" to remotely cast and submit the votes online for the resolutions tabled at the meeting.

Step 1 Cast your votes by clicking on the radio buttons against each resolution.

Step 2 Review your casted votes and confirm and submit the votes.

- The access to eVoting will open on the abovementioned date and time.
- Your votes casted will apply throughout all the CDS accounts you represent as an individual shareholder, corporate/ authorised representative and proxy. Where you are attending as a proxy, and the shareholder who appointed you has indicated how the votes are to be casted, we will take the shareholder's indicated votes in the proxy form.
- The access to eVoting will close when the Chairman announces the closing of all voting at the respective meeting.
- A copy of your submitted e-Voting can be accessed via **My Records** (refer to the left navigation panel).

