

**THYE HUA KWAN NURSING
HOME LIMITED**
(Registration No. 201323219Z)

**DIRECTORS' STATEMENT AND
FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2026

THYE HUA KWAN NURSING HOME LIMITED

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

C O N T E N T S

	PAGE
Directors' statement	1 - 2
Independent auditor's report	3 - 5
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in funds	8
Statement of cash flows	9
Notes to financial statements	10 - 38

THYE HUA KWAN NURSING HOME LIMITED

DIRECTORS' STATEMENT

The directors present their statement together with the audited financial statements of the Company for the financial year ended 31 March 2026.

In the opinion of the directors,

- (a) the financial statements set out on pages 6 to 38 are drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), the Charities Act 1994 and other relevant regulations ("the Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2026 and the financial performance, changes in funds and cash flows of the Company for the financial year ended 31 March 2026;
- (b) the Company has complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations;
- (c) the use of donation monies are in accordance with the objectives of the Company as required under Regulations 11 of the Charities (Institutions of a Public Character) Regulations;
- (d) the accounting records required by the Act have been properly kept in accordance with the provision of the Act; and
- (e) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Lee Kim Siang
Chang Long Jong
Eu Yee Ming Richard
Ong Ser Huan
Koh Juay Meng
Ng Kok Kiang Lawrence
Thiruthakka Devan S/O K Perumal
Sim Seo Lian
Tan Khiaw Ngoh
Wang Ann Teng

2 DIRECTORS' INTERESTS

Not applicable as the Company is limited by guarantee.

THYE HUA KWAN NURSING HOME LIMITED

DIRECTORS' STATEMENT

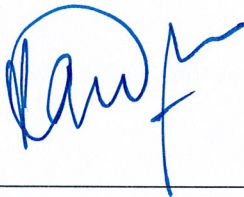
3 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF DIRECTORS



Lee Kim Siang
Director



Ng Kok Kiang Lawrence
Director

11 September 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF THYE HUA KWAN NURSING HOME LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thye Hua Kwan Nursing Home Ltd (the "Company"), which comprise the statement of financial position as at 31 March 2026, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information as set out on pages 6 to 38.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act"), the Charities Act 1994 and other relevant regulations ('the Charities Act and Regulations') and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2026 and of the financial performance, changes in funds and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement, set out on pages 1 and 2, but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF THYE HUA KWAN NURSING HOME LIMITED

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF THYE HUA KWAN NURSING HOME LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

- (a) the use of the donation moneys was not in accordance with the objectives of the Company as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Company has not complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Aw Xin-Pei.


Public Accountants and
Chartered Accountants
Singapore

11 September 2026

THYE HUA KWAN NURSING HOME LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 March 2026

	Note	2026	2025
		\$	\$
<u>ASSETS</u>			
Current assets			
Cash and bank balances	6	32,942,432	21,089,004
Investments in financial assets	10	249,864	-
Trade and other receivables	7	6,798,210	8,999,613
		<u>39,990,506</u>	<u>30,088,617</u>
Non-current assets			
Property, plant and equipment	8	3,282,690	1,358,400
Right-of-use assets	9	20,168,080	212,250
Investment in financial assets	10	10,556,362	8,523,639
Trade and other receivables	7	717,473	232,623
		<u>34,724,605</u>	<u>10,326,912</u>
Total assets		<u>74,715,111</u>	<u>40,415,529</u>
<u>LIABILITIES, FUNDS AND RESERVES</u>			
Current liabilities			
Deferred capital grants	11	520,993	362,918
Lease liabilities	12	2,183,390	226,961
Deferred income	13	6,286,423	3,317,546
Trade and other payables	14	3,632,157	2,562,509
		<u>12,622,963</u>	<u>6,469,934</u>
Non-current liabilities			
Deferred capital grants	11	2,591,837	847,700
Lease liabilities	12	18,075,958	-
Trade and other payables	14	367,483	322,859
		<u>21,035,278</u>	<u>1,170,559</u>
Funds			
Accumulated funds		41,064,199	32,775,036
Fair value reserve	25	(7,329)	-
Total funds		<u>41,056,870</u>	<u>32,775,036</u>
Total funds and liabilities		<u>74,715,111</u>	<u>40,415,529</u>
Member Guarantee			
1 member (2025 : 1) of \$100 each (2025 : \$100 each)		<u>100</u>	<u>100</u>
Net assets of Trust Funds			
Medifund	15	594,104	1,032,566
Financial Assistance Scheme (FAS)	16	28,406	73,955

See accompanying notes to financial statements.

THYE HUA KWAN NURSING HOME LIMITED

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2026

	Note	2026	2025
		\$	\$
Incoming resources^b			
Incoming resources from generated funds:			
- Donation income	17	1,111,616	1,014,173
- Investment income	18	774,979	833,168
Incoming resources from charitable activities			
- Government grants	19	22,803,161	18,918,140
- Other income	20	842,545	964,617
Resident and related income	21	3,966,927	3,435,696
Total incoming resources		29,499,228	25,165,794
Resources expended			
Cost of generating donation income	22	(305,832)	(275,029)
Cost of conducting charitable activities	23	(20,815,861)	(19,194,295)
Finance (costs)/income	24	(88,372)	93,983
Total resources expended		(21,210,065)	(19,375,341)
Surplus for the year		8,289,163	5,790,453
Other comprehensive income:			
Items that will not be reclassified to income or expenditure:			
Equity investments at FVTOCI - net change in fair value		152,549	-
Items that are or may be reclassified subsequently to income or expenditure:			
Debt investments at FVTOCI - net change in fair value		(159,878)	-
Other comprehensive income for the year		(7,329)	-
Total comprehensive income for the year		8,281,834	5,790,453

See accompanying notes to financial statements.

THYE HUA KWAN NURSING HOME LIMITED

STATEMENT OF CHANGES IN FUNDS
Year ended 31 March 2026

	Accumulated funds (Unrestricted)	Fair value reserve (Unrestricted)	Total funds
	\$	\$	\$
At 1 April 2024	26,984,583	-	26,984,583
Total comprehensive income for the year			
Surplus for the year	5,790,453	-	5,790,453
Total comprehensive income for the year	5,790,453	-	5,790,453
At 31 March 2025	32,775,036	-	32,775,036
Total comprehensive income for the year			
Surplus for the year	8,289,163	-	8,289,163
Other comprehensive income:			
Net change in fair value			
- Equity instruments at FVTOCI	-	152,549	152,549
- Debt instruments at FVTOCI	-	(159,878)	(159,878)
Total other comprehensive income	-	(7,329)	(7,329)
Total comprehensive income for the year	8,289,163	(7,329)	8,281,834
At 31 March 2026	41,064,199	(7,329)	41,056,870

See accompanying notes to financial statements.

THYE HUA KWAN NURSING HOME LIMITED

STATEMENT OF CASH FLOWS
Year ended 31 March 2026

	Note	2026	2025
		\$	\$
Operating activities			
Surplus for the year		8,289,163	5,790,453
Adjustments for:			
Depreciation of property, plant and equipment	8	537,210	502,358
Depreciation of right-of-use assets	9	1,191,344	600,676
Amortisation of deferred capital grants	11	(572,654)	(465,412)
Loss on disposal of fixed asset	8	1,053	39,480
Impairment losses on trade and other receivables	23	55,962	114,282
Bad debts written off	23	-	4,736
Interest income	18	(477,591)	(563,532)
Dividend income	18	(297,388)	(269,636)
Finance cost (income)	24	88,372	(93,983)
		8,815,471	5,659,422
Changes in:			
Trade and other receivables		1,778,126	(5,733,168)
Trade and other payables		1,114,272	316,197
Deferred income		2,968,877	327,361
Net cash from operating activities		14,676,746	569,812
Investing activities			
Purchase of property, plant and equipment	8	(2,462,553)	(556,959)
Proceeds from disposal of property, plant and equipment	8	-	354
Purchase of investments		(11,447,967)	-
Proceeds from sale/redemption of investments		9,264,695	-
Dividends received	18	297,388	269,636
Interest received		360,057	522,087
(Placement) Maturity of fixed deposits		(9,083,827)	5,062,622
Net cash (used in) from investing activities		(13,072,207)	5,297,740
Financing activities			
Government grants received for purchase of property, plant and equipment	11	2,474,866	622,845
Payment of lease liabilities	12	(1,114,787)	(632,711)
Interest paid	12	(195,016)	(11,593)
Net cash from (used in) financing activities		1,165,063	(21,459)
Net increase in cash and cash equivalents		2,769,602	5,846,093
Cash and cash equivalents at beginning of year		14,090,444	8,244,351
Cash and cash equivalents at end of year	6	16,860,046	14,090,444

See accompanying notes to financial statements.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2026

1 GENERAL

Thye Hua Kwan Nursing Home Limited (the "Company") is incorporated in Singapore as a company limited by guarantee and is the welfare arm of Thye Hua Kwan Moral Society ("THKMS") since its establishment on 28 August 2013. The Company commenced operations in October 2016.

The address of the Company's registered office is 48 Hougang Avenue 8, Singapore 538793.

The principal activities of the Company are those relating to the carrying on of the business of providing nursing and personal care facilities including residential care services for the elderly.

The financial statements were authorised for issue by the Board of Directors on 11 September 2026.

1.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below, and are drawn up in accordance with the provisions of Charities Act and Regulations, Companies Act 1967 ("the Act") and Financial Reporting Standards in Singapore ("FRSs"). These financial statements are presented in Singapore dollars, which is the Company's functional currency.

1.2 ADOPTION OF NEW AND REVISED STANDARDS

On 1 April 2025, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

1.3 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the Company have not applied the following FRSs pronouncements that have been issued but are not yet effective:

Effective for annual periods beginning on or after 1 January 2026

- Amendments to FRS 109 and FRS 107: *Amendments to the Classification and Measurement of Financial Instruments*

Effective for annual periods beginning on or after 1 January 2027

- FRS 118 *Presentation and Disclosure in Financial Statements*

Management anticipates that the adoption of the new or revised FRSs and amendments to FRS in future periods will not have a material impact on the financial statements in the period of their initial adoption except for the following:

FRS 118: *Presentation and Disclosures in Financial Statements*

FRS 118 replaces FRS 1, carrying forward many of the requirements in FRS 1 unchanged and complementing them with new requirements. In addition, some FRS 1 paragraphs have been moved to FRS 8 and FRS 107. Furthermore, minor amendments to FRS 7 and FRS 33 *Earnings per Share* have been made.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 2026

FRS 118 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss.
- provide disclosures on management-defined performance measures ("MPMs") in the notes to the financial statements.
- improve aggregation and disaggregation.

The Company is required to apply FRS 118 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to FRS 7 and FRS 33, as well as the revised FRS 8 and FRS 107, become effective when an entity applies FRS 118. FRS 118 requires retrospective application with specific transition provisions.

Management anticipates that the initial application of the new standard may have an impact on the financial statements in future periods. The Company is in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and additional disclosures required for MPMs as well as the impact on how information is grouped in the financial statements. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements as management has yet to complete its detailed assessment.

2 MATERIAL ACCOUNTING POLICY INFORMATION

FAIR VALUE MEASUREMENT

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 2026

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is 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 solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 2026

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2026

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers that default has occurred when a financial asset is more than 365 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in surplus or deficit.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2026

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with FRS 116 *Leases*.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables when the effect of discounting is immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 2026

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in surplus or deficit.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

Management is of the opinion that any instances of application of judgements on the Company's accounting policies are not expected to have a significant effect of the amounts recognised in the financial statements.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 2026

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may 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.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amount of trade and other receivables including the loss allowances is disclosed in Note 7 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2026	2025
	\$	\$
Financial assets		
Financial assets at FVTOCI	10,806,226	-
Financial assets at FVTPL	-	8,523,639
Financial assets at amortised cost	<u>40,364,002</u>	<u>30,233,364</u>
Financial liabilities		
Financial liabilities at amortised cost	3,926,993	2,829,802
Lease liabilities	<u>20,259,348</u>	<u>226,961</u>

(b) Financial risk management policies and objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2026

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures these risks. The Company does not hold or issue derivative financial instruments for speculative purposes.

The Company's policies for managing its financial risks are summarised as follows:

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a resident or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from residents.

The Company develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Company has a significant concentration of credit risk with various government and other grant agencies representing 76% (2025 : 88%) of the total trade and other receivable of the Company. The majority of the Company's receivables relate to grant receivables from government and other grant agencies which are assessed as having low credit risk.

The Company has adopted procedures in monitoring its credit risk. Cash and bank balances are held with reputable institutions and are subject to immaterial credit loss.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses represents the Company's maximum exposure to credit risk without taking account of the value of any collateral which can reduce the exposure.

Trade receivables

The Company's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to the trade receivables is limited due to the Company's varied residents. The Company's historical experience in the collection of accounts receivable falls within the recorded allowances. Management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Company's trade receivables.

The Company has a credit policy in place which establishes credit limit for residents and monitors their balances on an ongoing basis. Credit evaluations are performed on residents requiring credit over certain amount. The credit quality of residents is assessed after taking into account their financial position and past experience with the residents.

The Company evaluates whether there is any objective evidence that trade receivables are impaired, and determines the amount of impairment loss as a result of the inability of the residents to make required payments. The Company determines the estimates based on the ageing of the trade receivables balance and credit-worthiness. If the financial condition of the residents were to deteriorate, actual write-offs would be higher than estimated.

Cash and cash equivalents and fixed deposits

The Company held cash and cash equivalents with reputable financial institutions and are subject to immaterial credit loss.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2026

Impairment on cash and cash equivalents and fixed deposits have been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents and other financial assets have low credit risk based on the external credit ratings of the counterparties. The amount of the allowances on cash and cash equivalents and fixed deposits were negligible.

Concentration of credit risk relating to cash and cash equivalents and fixed deposits is limited to 3 (2025 : 3) financial institutions.

(ii) Liquidity risk

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

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuation in cash flows. The Company receives donations from the public and fund-raising activities organised by THKMS and subvention income from the government.

All the financial assets and liabilities are generally short-term in nature and payable within one year from end of reporting period, except for financial assets at FVTOCI, FVPL and lease liabilities as disclosed in Notes 10 and 12 respectively.

(iii) Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to changes in interest rates relates primarily to interest-earning financial assets. Interest rate risk is managed by the Company on an on-going basis. The interest rate of these interest-bearing financial assets are disclosed in Note 6 to the financial statements.

Exposure to interest rate risk

The Company is not exposed to any variable rate financial instruments and a change in interest rate at the reporting date would not affect income or expenditure.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 March 2026

Equity price risk

The Company is exposed to equity price changes arising from quoted equity investments designated at fair value through other comprehensive income. An increase in the underlying equity prices of the investments at the reporting date by 10% for the Company would have increased income for the year and fair value reserve by \$1,080,623 (2025 : \$Nil). Similarly, a decrease in the underlying equity prices by 10% for the Company would have an equal but opposite effect.

This analysis assumes that all other variables remain constant.

(c) *Fair value of financial assets and liabilities*

Investment in equity investments managed by fund manager

The fair values of equity investments managed by fund manager classified as FVTOCI have been determined by reference to the quoted bid prices of the underlying equity securities at the reporting date. The investments are deemed as Level 1 on the fair value hierarchy.

Investment in debt investments

The fair values of debt investments classified as financial assets carried at FVTOCI have been determined by reference to the quoted bid prices at the reporting date. The investments are deemed as Level 1 on the fair value hierarchy.

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables (excludes prepayments), cash and cash equivalents, and trade and other payables (excludes goods and services tax payables)) approximate their fair values because of the short period to maturity. The carrying amounts of non-current receivables and other payables approximate their fair values.

(d) *Capital management policies and objectives*

The Company's reserve management objectives are to maintain strong and healthy capital ratios in order to support its operations. The Company aims to maintain sufficient level of accumulated funds to meet three years of its budgeted operating expenditure. The Company regularly reviews and manages its reserves to ensure optimal capital structure, taking into consideration the future capital requirements of the Company's projected profitability and projected operating cash flows. The Company's overall strategy remains unchanged from the previous financial year ended.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 2026

5 RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

An affiliated company is defined as one in which a director of the Company is in a position to exercise significant influence.

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the Company. The Board of Directors, Chief Executive Officer and senior management are considered as key management personnel of the Company.

Key management personnel compensation (excluding a key management personnel remunerated by an affiliated company) comprised:

	2026	2025
	\$	\$
Short-term employee benefits	559,900	549,283
Post-employment benefits	51,534	50,903
	<u>611,434</u>	<u>600,186</u>

With effect from 1 July 2021, the Company obtains key management personnel services for one of the key management personnel from an affiliated company. Accordingly, this amount is included under the other related party transactions in Note (a) below.

The annual remuneration of the Company's two highest paid staff and key management personnel (excluding a key management personnel who is remunerated by an affiliated company) who each received remuneration exceeding \$70,000 (2025 : \$70,000), in the following bands in the year were as follows:

	2026	2025
	\$	\$
Number of employees in bands:		
\$100,001 to \$200,000	<u>3</u>	<u>4</u>

The Company also received Board services from the Board of Directors and no remuneration is paid for their Board services.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 2026

Other related party transactions

During the year, other than disclosed elsewhere in the financial statements, there were the following transactions with related parties carried out on terms agreed between the parties.

Some of the Company's transactions and arrangements are between members of the ultimate holding company's group of companies and the effects of these transactions and arrangements on the basis determined between the parties are reflected in these financial statements. Affiliated companies refer to entities within the same group of companies as the Company.

	2026	2025
	\$	\$
Service fees paid to THKMS (Note 22)	234,344	261,482
Purchase of services from an affiliated company ^(a)	2,608,212	2,487,475
Purchase of food from an affiliated company	1,404,164	1,253,514
Recharge of services from an affiliated company	29,728	668
Recharge of utilities and services to an affiliated company	97,532	102,463
Service fee charge to an affiliated company	208,009	340,903

(a) During the year, purchases of services from an affiliated company include the provision of key management personnel services for one of the key management personnel.

A key management personnel (who is also a close family member of a board member) is remunerated by an affiliated company. For the year ended 31 March 2026, the secondment fee of \$183,326 (2025 : \$157,147) was paid to an affiliated company.

6 CASH AND BANK BALANCES

	2026	2025
	\$	\$
Cash at bank and in hand	8,034,130	3,755,552
Fixed deposits maturing within 3 months	8,825,916	10,334,892
Cash and cash equivalents in statement of cash flows	16,860,046	14,090,444
Fixed deposits maturing more than 3 months	16,082,386	6,998,560
	32,942,432	21,089,004

Included in cash and cash equivalents is a balance of \$1,697,508 (2025 : \$3,065,839) in relation to Community Silver Trust funding for which the use is subject to certain restrictions imposed by the funding body.

The weighted average effective interest rates per annum relating to bank balances and fixed deposits are 0.13% (2025 : 0.21%) and 3.91% (2025 : 3.09%) respectively. The fixed deposits have maturity period ranging from 181 days to 365 days (2025 : 121 days to 365 days).

Material accounting policy information

Cash and cash equivalents comprise cash and bank balances and short-term deposits with remaining maturity period and 3 months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 March 2026

7 TRADE AND OTHER RECEIVABLES

	2026	2025
	\$	\$
Current		
Trade receivables	996,974	886,771
Impairment losses on trade receivables	(331,002)	(275,040)
	665,972	611,731
Amounts due from affiliated companies (trade)	39,786	60,200
Government grant receivables	5,738,667	8,094,702
Interest receivables	276,440	158,905
Others	-	824
	6,720,865	8,926,362
Prepayments	77,345	73,251
	6,798,210	8,999,613
Non-current		
Deposits	700,707	217,998
Prepayments	16,766	14,625
	717,473	232,623
Total	7,515,683	9,232,236

Allowance for impairment losses are made based on the historical trend of incurred losses. The Company has also assessed its trade receivables from residents based on the lifetime expected credit loss and all necessary allowance for impairment losses has been provided.

The Company believe that the amounts not impaired and are past due are still collectible, based on historical payment behaviour and extensive analyses of resident's credit risk.

Movements in allowance for impairment in respect of trade receivables from residents:

	2026	2025
	\$	\$
At beginning of year	275,040	161,990
Allowance for impairment loss on trade receivables	55,962	114,282
Allowance recovered during the year	-	(1,232)
At end of year	331,002	275,040

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 March 2026

8 PROPERTY, PLANT AND EQUIPMENT

	Computers	Medical, rehabilitation, facilities, kitchen and laundry equipment	Office equipment	Hospital beds	Renovations	Furniture and fittings	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost:								
At 1 April 2024	843,575	2,192,653	127,270	683,127	292,583	431,626	267,154	4,837,988
Additions	50,646	149,196	8,853	270,400	77,800	64	-	556,959
Disposal	(56,360)	(205,434)	(2,013)	(250,329)	-	(4,746)	-	(518,882)
At 31 March 2025	837,861	2,136,415	134,110	703,198	370,383	426,944	267,154	4,876,065
Additions	500,031	683,088	15,740	924,364	-	339,330	-	2,462,553
Disposal	(14,414)	(31,926)	(5,672)	-	-	(4,505)	-	(56,517)
At 31 March 2026	1,323,478	2,787,577	144,178	1,627,562	370,383	761,769	267,154	7,282,101
Accumulated depreciation:								
At 1 April 2024	619,580	1,738,158	66,791	519,960	119,969	213,066	216,831	3,494,355
Depreciation for the year	146,598	152,965	13,526	66,227	42,672	42,780	37,590	502,358
Disposal	(55,642)	(205,086)	(2,013)	(212,779)	-	(3,528)	-	(479,048)
At 31 March 2025	710,536	1,686,037	78,304	373,408	162,641	252,318	254,421	3,517,665
Depreciation for the year	146,357	171,231	18,092	85,318	55,742	47,737	12,733	537,210
Disposal	(14,291)	(31,566)	(5,672)	-	-	(3,935)	-	(55,464)
At 31 March 2026	842,602	1,825,702	90,724	458,726	218,383	296,120	267,154	3,999,411
Carrying amounts:								
At 31 March 2025	127,325	450,378	55,806	329,790	207,742	174,626	12,733	1,358,400
At 31 March 2026	480,876	961,875	53,454	1,168,836	152,000	465,649	-	3,282,690

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2026

Material accounting policy information

All items of property, plant and equipment ("PPE") are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour; any other costs directly attributable to bringing the asset to a working condition for their intended use; when the Company has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and capitalised borrowing costs.

Low value assets costing less than \$1,000 individually are written off in the period of outlay.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	3 years
Medical, rehabilitation, facilities, kitchen and laundry equipment	5 years
Office equipment	5 years
Motor vehicles	5 years
Renovations	5 years
Hospital beds	10 years
Furniture and fittings	10 years

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.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Renovation in progress is stated at cost and is not depreciated. Cost includes direct related expenditure incurred during the period of renovation and up to the completion of the renovation. The accumulated costs will be reclassified to the appropriate property, plant and equipment account when the renovation is substantially completed and the asset is ready for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the surplus or deficit in the year the asset is derecognised.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS **31 March 2026**

9 RIGHT-OF-USE ASSETS

	Leasehold properties
	\$
Cost:	
At 1 April 2024 and 31 March 2025	3,816,638
Addition	<u>21,147,174</u>
At 31 March 2026	<u>24,963,812</u>
Accumulated depreciation:	
At 1 April 2024	3,003,712
Depreciation for the year	<u>600,676</u>
At 31 March 2025	3,604,388
Depreciation for the year	<u>1,191,344</u>
At 31 March 2026	<u>4,795,732</u>
Carrying amounts:	
At 31 March 2025	<u>212,250</u>
At 31 March 2026	<u>20,168,080</u>

Material accounting policy information

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset as below. The depreciation starts at the commencement date of the lease.

The Company applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS **31 March 2026**

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

10 INVESTMENTS IN FINANCIAL ASSETS

	2026	2025
	\$	\$
Current		
Quoted debt investments - at FVTOCI	249,864	-
Non-current		
Quoted equity investments - at FVTOCI	1,509,685	-
Quoted debt investments - at FVTOCI	9,046,677	-
Quoted debt investments - at FVTPL	-	8,523,639
	<u>10,556,362</u>	<u>8,523,639</u>
 Total investments	 <u>10,806,226</u>	 <u>8,523,639</u>

Quoted debt investments bear interest rates of 2.0% to 5.5% (2025 : nil) per annum with maturity dates from 2026 to 2035 (2025 : nil).

Material accounting policy information

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 2026

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in surplus or deficit to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in surplus or deficit is included in the "other income" or "other operating expenses" line item and any dividend or interest earned on the financial asset is included in the "other income" line item.

Debt investments at FVTOCI

Quoted debt investments held by the Company are classified as at FVTOCI. The quoted debt investments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these quoted debt investments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in surplus or deficit. The amounts that are recognised in surplus or deficit are the same as the amounts that would have been recognised in surplus or deficit if these quoted debt investments had been measured at amortised cost. All other changes in the carrying amount of these quoted debt investments are recognised in other comprehensive income and accumulated under the heading of fair value reserve. When these quoted debt investments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to surplus or deficit.

Equity investments at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which FRS 103 applies.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss will not be reclassified to surplus or deficit on disposal of the equity investments.

The Company has designated all investment in equity instruments that is not held for trading as at FVTOCI on initial recognition.

Dividends on these investments in equity instruments are recognised in surplus or deficit when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in surplus or deficit.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 March 2026

11 DEFERRED CAPITAL GRANTS

	2026	2025
	\$	\$
At beginning of year	1,210,618	1,053,185
Grants received during the year	2,474,866	622,845
Amortisation for the year (Note 20)	(572,654)	(465,412)
At end of year	<u>3,112,830</u>	<u>1,210,618</u>
Non-current	2,591,837	847,700
Current	<u>520,993</u>	<u>362,918</u>
	<u>3,112,830</u>	<u>1,210,618</u>

Deferred capital grants represent government grants received in relation to the purchase of IT infrastructure, furniture and equipment, and are amortised over the period necessary to match the depreciation of the property, plant and equipment purchased with the related grants.

12 LEASE LIABILITIES

	2026	2025
	\$	\$
Maturity analysis:		
Within one year	2,580,504	227,736
Within two to five years	12,746,904	-
Five years and more	6,555,700	-
	<u>21,883,108</u>	<u>227,736</u>
Less: Unearned interest	(1,623,760)	(775)
Total	<u>20,259,348</u>	<u>226,961</u>
Analysed as:		
Current	2,183,390	226,961
Non-current	18,075,958	-
Total	<u>20,259,348</u>	<u>226,961</u>

The Company leases properties for its nursing home and senior care centre premises. The leases typically run for a period of 3 years, with an option to renew the lease after that date for a further 3 years depending on the renewal of the service agreement with the MOH. Lease payments are usually non-negotiable.

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function. The effective interest rate applied to the lease liabilities on 31 March 2026 is 1.95% to 2.50% (2025 : 2.23%).

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 March 2026

Reconciliation of movements to cash flows arising from financing activities

	2026	2025
	\$	\$
At beginning of year	226,961	859,672
Change from financing cash flows		
Payment of lease liabilities	(1,114,787)	(632,711)
Interest paid	(195,016)	(11,593)
Total changes (used in) from financing cash flows	(1,082,842)	215,368
Other changes		
Addition of lease liabilities	21,147,174	-
Interest expense arising from lease liabilities	195,016	11,593
Total other changes	21,342,190	11,593
At end of year	20,259,348	226,961

As at 31 March 2026, the Company has received \$1,445,336 (2025 : \$702,291) and recognised \$646,725 (2025 : \$351,146) of receivable from MOH as government grant for leases. The Company has recognised this entire amount as grant income during the year.

Amounts recognised in surplus or deficit

	2026	2025
	\$	\$
Interest expense arising from lease liabilities	195,016	11,593
Expenses relating to leases of low value assets	3,520	3,840

The Company leases premises and photocopier machines with contract terms of one to five years. These leases are short-term and/or leases of low-value assets. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Amounts recognised in statement of cash flows

	2026	2025
	\$	\$
Total cash outflow for leases (including short-term leases and leases of low value assets)	1,313,324	648,144

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 2026

Material accounting policy information

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The right-of-use-assets and lease liability are presented as a separate line in the statement of financial position.

13 DEFERRED INCOME

	2026	2025
	\$	\$
Community Silver Trust (a)	1,697,508	3,065,839
Other grants	4,588,915	251,707
	<u>6,286,423</u>	<u>3,317,546</u>

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 March 2026

(a) Community Silver Trust ("CST") matching grant

	2026	2025
	\$	\$
At beginning of year	3,065,839	2,977,146
Grant received	1,067,538	1,171,003
Grant utilised for qualifying expenses	(970,396)	(635,354)
Grant utilised to purchase plant and equipment and transferred to deferred capital grant during the year	(416,698)	(446,956)
Return of unutilised funds	(1,048,775)	-
At end of year	<u>1,697,508</u>	<u>3,065,839</u>

The CST is a scheme whereby the Agency for Integrated Care (AIC) will provide a matching grant of one dollar for every donation dollar raised by eligible organisations. The objectives are to encourage more donations and provide additional resources for the service providers in the Intermediate and Long Term Care (ILTC) Sector and to enhance capabilities and provide value-added services to achieve affordable and higher quality care.

The CST matching grant has to be utilised before 31 March 2028 and the Agency for Integrated Care (AIC) has the right to clawback the balance amounts in the event the grant is not used before the stipulated deadline.

14 TRADE AND OTHER PAYABLES

	2026	2025
	\$	\$
Current		
Trade payables	850,391	277,595
Amounts due to THKMS (trade)	153,801	188,342
Amounts due to affiliated companies (trade)	975,215	814,594
Accrued operating expenses	1,580,103	1,226,412
Goods and services tax payables	72,647	55,566
	<u>3,632,157</u>	<u>2,562,509</u>
Non-current		
Other payables	<u>367,483</u>	<u>322,859</u>
Total	<u>3,999,640</u>	<u>2,885,368</u>

The average credit period on purchases of goods is 30 days (2025 : 30 days). No interest is charged on the outstanding balance.

Transactions with THKMS and affiliated companies are unsecured and priced on terms agreed between the parties.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 2026

15 NET ASSETS OF MEDIFUND

The Medical Endowment Fund ("MediFund") and MediFund Silver are endowment funds set up by the government in April 1993 and November 2007 respectively as the safety net to help needy Singaporeans pay for medical care to ensure that no Singaporean is denied basic healthcare because of inability to pay.

Medifund and Medifund Silver (for residents above 65 years old) would help a needy resident who faces difficulty affording the remaining portion of his subsidised medical bill, after drawing on all other means of payment - Medisave, MediShield, personal medical insurance, employer-provided medical benefits and cash. Both Medifund and Medifund Silver cover Singaporeans receiving subsidised inpatient or outpatient treatments in Medifund-approved institutions.

Details of the fund with the Company are as follows:

	2026	2025
	\$	\$
Accumulated funds and reserves		
At beginning of year:		
Accumulated funds	1,032,566	845,672
Income		
Grant received from MoH	934,200	1,285,300
Others (Bank interest and refunds)	2,433	1,363
Total income	936,633	1,286,663
Expenditure		
Grants disbursed to eligible residents	1,375,095	1,099,769
Total expenditure	1,375,095	1,099,769
Net (deficit) surplus for the financial year	(438,462)	186,894
At end of year:		
Accumulated funds	594,104	1,032,566
REPRESENTED BY		
Cash and cash equivalents	594,104	1,032,566

16 NET ASSETS OF FINANCIAL ASSISTANCE SCHEME

The Financial Assistance Scheme (FAS) was introduced in March 2011 to support a small group of needy Permanent Residents (PRs) who are on the Medical Fee Exemption Card (MFEC) or ComCare Long-Term Assistance (LTA) for their subsidised Intermediate and Long-Term Care (ILTC) bills incurred at some Medifund-accredited nursing homes, community hospitals, chronic sick hospitals, and inpatient hospices.

In September 2023, FAS was expanded to support more needy PRs with their healthcare bills, especially those with Singapore Citizen (SC) family members, in both Public Healthcare Institutions (PHI) and ILTC settings.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS **31 March 2026**

Details of the fund with the Company are as follows:

	2026	2025
	\$	\$
Accumulated funds and reserves		
At beginning of year:		
Accumulated funds	73,955	62,150
Income		
Grant received from MoH	57,600	51,000
Total income	57,600	51,000
Expenditure		
Grants disbursed to eligible residents	103,049	39,044
Others (Bank charges)	100	151
Total expenditure	103,149	39,195
Net (deficit) surplus for the financial year	(45,549)	11,805
At end of year:		
Accumulated funds	28,406	73,955
<i>REPRESENTED BY</i>		
Cash and cash equivalents	28,406	73,955

17 DONATION INCOME

	2026	2025
	\$	\$
Non-tax deductible donations	187,493	131,705
Tax deductible donations	924,123	882,468
	1,111,616	1,014,173

Included in the donation income is an amount of \$253,202 (2025 : \$313,039) received from fund raising activities organised by THKMS. Tax exempt receipts were issued directly by the Company to the donors.

Material accounting policy information

Donations income are recognised in statement of comprehensive income in the period of receipt, provided there is evidence of entitlement, as expressed in writing.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 March 2026

18 INVESTMENT INCOME

	2026	2025
	\$	\$
Dividend income	297,388	269,636
Interest income from:		
- Fixed deposits	467,387	555,636
- Banks	10,204	7,896
	<u>774,979</u>	<u>833,168</u>

Material accounting policy information

Interest income is recognised on a time-proportion basis, using the effective interest method.

19 GOVERNMENT GRANTS

	2026	2025
	\$	\$
Resident subvention income	18,191,003	15,701,787
Rental subvention	1,445,336	702,291
CST matching grant (Note 13(a))	970,396	635,354
Community Care Salary Enhancement Scheme (a)	931,443	1,718,733
Pre-operations funding (b)	1,067,282	-
Others	197,701	159,975
	<u>22,803,161</u>	<u>18,918,140</u>

(a) Community Care Salary Enhancement Scheme ("CCSE")

The CCSE funding was given by MOH to fund salary enhancement for local and foreign nurses, allied health professionals, pharmacists and administrative and ancillary, including support care staff in the community care sector.

(b) Pre-operations funding

The pre-operations funding was provided by MOH to support new and expanding MOH-subsented nursing homes in staffing, training, and initial operating expenses to facilitate the ramp-up of operations before bed openings.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 2026

Material accounting policy information

Government grants are accounted for on an accrual basis in the statement of financial position when there is a reasonable assurance that the Company has complied with all the terms and conditions attached to the grant and there is reasonable certainty that the grant will be received.

Grants related to assets

Grants which are designated for the purchase of property, plant and equipment are taken to deferred capital grants. The deferred capital grant is amortised over the useful life of the property, plant and equipment by crediting to surplus or deficit an amount so as to match the related depreciation expense.

Grants related to income

Grants received are recognised initially as deferred income when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred are recognised as income in surplus or deficit on a systematic basis in the periods in which the expenses are incurred, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

20 OTHER INCOME

	2026	2025
	\$	\$
Amortisation of deferred capital grants	572,654	465,412
Wage credit and employment credit scheme	37,268	189,846
Others	232,623	309,359
	<u>842,545</u>	<u>964,617</u>

21 RESIDENT AND RELATED INCOME

	2026	2025
	\$	\$
Resident and related income	<u>3,966,927</u>	<u>3,435,696</u>

Resident and related services relate to provision of medical service and items to residents. Revenue is recognised upon medical services and items are provided to residents. Payment is due when invoice is issued and payable within 30 days.

Material accounting policy information

Rendering of services

Income from rendering of services are recognised when services are rendered. Income excludes goods and services taxes or other sales taxes.

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 March 2026

22 COST OF GENERATING DONATION INCOME

	2026	2025
	\$	\$
Fund raising costs	305,832	275,029

The Company incurred fund raising expenses of \$234,344 (2025 : \$261,482) paid or payable to THKMS for tax deductible donations raised for the Company.

23 COST OF CONDUCTING OF CHARITABLE ACTIVITIES

	2026	2025
	\$	\$
Bad debts written off	-	4,736
Depreciation of property, plant and equipment	537,210	502,358
Depreciation of right-of-use assets	1,191,344	600,676
Employee benefits expense (see below)	12,802,528	12,252,627
Impairment losses on trade and other receivables	55,962	114,282
Legal and professional fees	52,801	79,937
Professional fees paid/payable to auditors of the Company	72,753	65,710
Loss on disposal of property, plant and equipment	1,053	39,480
Resident related services and supplies	3,166,103	2,826,067
Upkeep costs and utilities expenses	1,661,415	1,506,007
Other expenses	1,274,692	1,202,415
	<u>20,815,861</u>	<u>19,194,295</u>

Employee benefits expense:

- Wages and salaries	7,421,318	7,578,476
- Contribution to defined contribution plans	522,780	523,233
- Foreign worker levies	1,468,516	1,330,697
- Other short-term benefits	3,389,914	2,820,221
	<u>12,802,528</u>	<u>12,252,627</u>

Material accounting policy information

Defined contribution plans

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

THYE HUA KWAN NURSING HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 March 2026

Short-term employee benefits

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

24 FINANCE (COSTS) INCOME

	2026	2025
	\$	\$
Interest expense arising from lease liabilities	(195,016)	(11,593)
Net change in fair value of financial assets designated at FVTPL	-	105,576
Gain from sale of financial assets designated at FVTPL	106,644	-
	<u>(88,372)</u>	<u>93,983</u>

Material accounting policy information

The Company's finance costs include interest expense arising from lease liabilities, transaction cost relating to acquisition of investments and the net change in fair value of financial assets designated at FVTPL.

Interest expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

25 FAIR VALUE RESERVE

Fair value reserve comprises the cumulative net change in the fair values of financial assets designated at FVTOCI until the investments are derecognised or impaired.

26 INCOME TAXES

The Company is an approved charity organisation under the Singapore Charities Act 1994 and an Institution of a Public Character under the Income Tax Act 1947. No provision for taxation has been made in the financial statements as the Company is a registered charity with income tax exemption.

Material accounting policy information

As a registered charity under the Singapore Charities Act 1994, the Company is exempted from income tax under Section 13 of the Income Tax Act 1947.