

# HEALTHWAY MEDICAL CORPORATION LIMITED

(Co. Regn. No: 200708625C)



HEALTHWAY  
MEDICAL

## UNAUDITED FINANCIAL STATEMENTS AND DIVIDENDS ANNOUNCEMENT FOR THE THREE-MONTH AND SIX-MONTH FINANCIAL PERIODS ENDED 30 JUNE 2017 ("2017 Q2")

### PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended			6 months ended		
	30.06.17 S\$'000	30.06.16 S\$'000	Change %	30.06.17 S\$'000	30.06.16 S\$'000	Change %
Revenue	25,461	23,188	9.8	48,625	47,888	1.5
Other operating income	416	(21)	n.m.	990	242	309.1
Medical supplies, consumables and laboratory expenses	(4,955)	(4,932)	0.5	(9,041)	(9,624)	(6.1)
Staff costs	(17,285)	(14,039)	23.1	(32,450)	(29,475)	10.1
Depreciation of property, plant and equipment	(532)	(358)	48.6	(848)	(686)	23.6
Amortisation of intangible assets	(1)	(18)	(94.4)	(2)	(36)	(94.4)
Other operating expenses	(4,487)	(3,616)	24.1	(8,132)	(7,122)	14.2
Finance costs	(1,087)	(268)	305.6	(1,858)	(561)	231.2
(Loss) / Profit before income tax	(2,470)	(64)	n.m.	(2,716)	626	n.m.
Income tax (expense) / credit	(154)	119	n.m.	(412)	9	n.m.
(Loss) / Profit for the period attributable to shareholders	(2,624)	55	n.m.	(3,128)	635	n.m.
Other comprehensive (loss) / income, net of tax	(5)	(51)	(90.2)	22	(154)	n.m.
Total comprehensive (loss) / income for the period	(2,629)	4	n.m.	(3,106)	481	n.m.

n.m. denotes not meaningful.

## Explanatory notes to the income statement

(Loss) / Profit before income tax of the Group is arrived at after charging / (crediting):

	3 months ended			6 months ended		
	30.06.17 S\$'000	30.06.16 S\$'000	Change %	30.06.17 S\$'000	30.06.16 S\$'000	Change %
Interest income	(11)	(4)	175.0	(17)	(8)	112.5
Rental income	(78)	(79)	(1.3)	(159)	(162)	(1.9)
Interest expense	1,087	268	305.6	1,858	561	231.2
Loss on disposal of property, plant and equipment	2	-	n.m.	25	-	n.m.
Foreign exchange (gain) / loss	(14)	492	n.m.	16	1,183	(98.6)
Operating lease expenses	2,549	2,124	20.0	4,644	4,213	10.2

## Statement of comprehensive income

	3 months ended			6 months ended		
	30.06.17 S\$'000	30.06.16 S\$'000	Change %	30.06.17 S\$'000	30.06.16 S\$'000	Change %
(Loss) / Profit for the period	(2,624)	55	n.m.	(3,128)	635	n.m.
Foreign exchange differences	(5)	(51)	n.m.	22	(154)	n.m.
Total comprehensive (loss) / income for the period	(2,629)	4	n.m.	(3,106)	481	n.m.

n.m. denotes not meaningful.

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.17</b>	<b>31.12.16</b>	<b>30.06.17</b>	<b>31.12.16</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Current assets</b>				
Cash and cash equivalents	43,060	2,780	40,694	1,368
Trade and other receivables	15,473	67,289	68	6,553
Inventories	2,909	2,270	-	-
Current income tax recoverable	-	175	-	-
	<b>61,442</b>	<b>72,514</b>	<b>40,762</b>	<b>7,921</b>
<b>Non-current assets</b>				
Other receivables	2,988	1,186	-	-
Investments in subsidiaries	-	-	222,704	195,060
Property, plant and equipment	7,464	4,999	-	-
Intangible assets	166,229	115,787	-	-
	<b>176,681</b>	<b>121,972</b>	<b>222,704</b>	<b>195,060</b>
<b>Total assets</b>	<b>238,123</b>	<b>194,486</b>	<b>263,466</b>	<b>202,981</b>
<b>Equity</b>				
Share capital	233,514	208,214	233,514	208,214
Currency translation reserve	740	718	-	-
Accumulated losses	(60,150)	(57,022)	(15,302)	(14,600)
<b>Total equity</b>	<b>174,104</b>	<b>151,910</b>	<b>218,212</b>	<b>193,614</b>
<b>Current liabilities</b>				
Trade and other payables	18,491	28,409	2,721	3,737
Current income tax liabilities	308	-	75	145
Borrowings	1,259	10,698	-	4,282
	<b>20,058</b>	<b>39,107</b>	<b>2,796</b>	<b>8,164</b>
<b>Non-current liabilities</b>				
Borrowings	43,305	3,152	42,458	1,203
Deferred income tax liabilities	25	25	-	-
Provisions	631	292	-	-
	<b>43,961</b>	<b>3,469</b>	<b>42,458</b>	<b>1,203</b>
<b>Total liabilities</b>	<b>64,019</b>	<b>42,576</b>	<b>45,254</b>	<b>9,367</b>
<b>Total equity and liabilities</b>	<b>238,123</b>	<b>194,486</b>	<b>263,466</b>	<b>202,981</b>

**1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.**

	<b>As at 30.06.17</b>		<b>As at 31.12.16</b>	
	<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Amount repayable within one year	295	-	8,649	666
Amount repayable after one year	42,691	-	1,461	712

The secured borrowings of the Group relate to bank loans, bank overdrafts and convertible notes, which are secured by the following:

- (i) personal guarantee from employees of the Company; and
- (ii) Pledge and/or charge of the shares of all the companies in the Group including the shares of HME which became subsidiary of the Company effective 22 April 2017.

The Group's borrowings presented above do not include finance lease liabilities. Finance lease liabilities of the Group are repayable as follows:

	<b>As at</b>	<b>As at</b>
	<b>30.06.17</b>	<b>31.12.16</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Amount repayable within one year	964	1,383
Amount repayable after one year	614	979

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended		6 months ended	
	30.06.17	30.06.16	30.06.17	30.06.16
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
(Loss) / Profit before income tax	(2,470)	(64)	(2,716)	626
Adjustments for:				
Amortisation of intangible assets	1	18	2	36
Depreciation of property, plant and equipment	532	358	848	686
Loss on disposal of property, plant and equipment	2	-	25	-
Unrealised currency translation loss	(14)	492	16	1,183
Interest expense	1,087	268	1,858	561
Interest income	(11)	(4)	(17)	(8)
	(873)	1,068	16	3,084
Changes in working capital:				
Inventories	(539)	25	(138)	(143)
Trade and other receivables	(1,278)	(855)	(1,108)	(2,157)
Trade and other payables	(5,357)	2,141	(11,142)	5,161
Cash (used in) / generated from operations	(8,047)	2,379	(12,372)	5,945
Income tax payment / refund	(74)	(626)	71	(619)
<b>Net cash (used in) / generated from operating activities</b>	<b>(8,121)</b>	<b>1,753</b>	<b>(12,301)</b>	<b>5,326</b>
<b>Cash flows from investing activities</b>				
Addition to property, plant and equipment	(601)	(202)	(889)	(245)
Addition to intangible assets	-	-	-	(3)
Loan to Wei Yi	(587)	(104)	(757)	(636)
(Advances) to / Receipts from HME - net	-	(693)	(526)	(596)
Acquisition of a subsidiary	73	-	73	-
Interest received	11	4	17	8
<b>Net cash used in investing activities</b>	<b>(1,104)</b>	<b>(995)</b>	<b>(2,082)</b>	<b>(1,472)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of convertible notes	59,194	-	67,714	-
Proceeds from borrowings	-	2,621	5,088	4,620
Repayment of borrowings	(7,434)	(3,446)	(16,048)	(7,802)
Fixed deposits withdrawn	(0)	(38)	1,303	(38)
Repayment of finance lease liabilities	(404)	(33)	(795)	(112)
Interest paid	(525)	(268)	(1,296)	(561)
<b>Net cash provided by / (used in) financing activities</b>	<b>50,830</b>	<b>(538)</b>	<b>55,965</b>	<b>(3,267)</b>
<b>Net increase in cash and cash equivalents</b>	<b>41,606</b>	<b>220</b>	<b>41,583</b>	<b>587</b>
<b>Cash and cash equivalents</b>				
Beginning of financial period	848	1,413	871	1,046
<b>End of financial period</b>	<b>42,454</b>	<b>1,633</b>	<b>42,454</b>	<b>1,633</b>

Cash and cash equivalents comprised:

	<b>As at</b>	<b>As at</b>
	<b>30.06.17</b>	<b>30.06.16</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Deposits with banks	43,060	3,509
Fixed deposits pledged as collaterals	(606)	(1,876)
	<u>42,454</u>	<u>1,633</u>

For the three month period ended 30 June 2017, the Group acquired property, plant and equipment with an aggregate cost of S\$601,000 (2016: S\$596,000), of which S\$nil (2016: S\$351,000) was acquired under finance lease.

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	← Share capital →			Translation S\$'000	Retained earnings S\$'000	Total equity S\$'000
	Ordinary S\$'000	Treasury S\$'000	Total S\$'000			
<b>Group - Current period</b>						
At 31 March 2017	208,586	-	208,586	745	(57,526)	151,805
Loss for the period	-	-	-	-	(2,624)	(2,624)
Foreign exchange differences	-	-	-	(5)	-	(5)
Total comprehensive loss for the period	-	-	-	(5)	(2,624)	(2,629)
Issue of new shares	25,000	-	25,000	-	-	25,000
Share issue expenses	(1,637)	-	(1,637)	-	-	(1,637)
Convertible Note - equity component (net)	1,565	-	1,565	-	-	1,565
Total contributions by owners	24,928	-	24,928	-	-	24,928
At 30 June 2017	233,514	-	233,514	740	(60,150)	174,104

<b>Group - Previous period</b>						
At 31 March 2016	204,430	(3,049)	201,381	732	(9,910)	192,203
Profit for the period	-	-	-	-	55	55
Foreign exchange differences	-	-	-	(51)	-	(51)
Total comprehensive (loss) / income for the period	-	-	-	(51)	55	4
Treasury shares re-issued	-	3,049	3,049	-	(2,423)	626
Total contributions by and distributions to owners	-	3,049	3,049	-	(2,423)	626
At 30 June 2016	204,430	-	204,430	681	(12,278)	192,833

	← Share capital →			Translation S\$'000	Retained earnings S\$'000	Total equity S\$'000
	Ordinary S\$'000	Treasury S\$'000	Total S\$'000			
<b>Company - Current period</b>						
At 31 March 2017	208,586	-	208,586	-	(14,610)	193,976
Loss for the period	-	-	-	-	(692)	(692)
Total comprehensive loss for the period	-	-	-	-	(692)	(692)
Issue of new shares	25,000	-	25,000	-	-	25,000
Share issue expenses	(1,637)	-	(1,637)	-	-	(1,637)
Convertible Note - equity component (net)	1,565	-	1,565	-	-	1,565
Total contributions by owners	24,928	-	24,928	-	-	24,928
At 30 June 2017	233,514	-	233,514	-	(15,302)	218,212

<b>Company - Previous period</b>						
At 31 March 2016	204,430	(3,049)	201,381	-	(6,537)	194,844
Loss for the period	-	-	-	-	(31)	(31)
Total comprehensive loss for the period	-	-	-	-	(31)	(31)
Treasury shares re-issued	-	3,049	3,049	-	(2,423)	626
Total contributions by and distributions to owners	-	3,049	3,049	-	(2,423)	626
At 30 June 2016	204,430	-	204,430	-	(8,991)	195,439

**(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Ordinary shares

	Number of shares	Amount S\$
Ordinary shares excluding treasury shares as at 31 March 2017	2,460,234,183	208,214,108
Issue of new shares	738,770,684	25,000,000
Share issue expenses	-	(1,636,845)
Ordinary shares excluding treasury shares as at 30 June 2017	<u>3,199,004,867</u>	<u>231,577,263</u>

Convertibles

The Company has outstanding convertible notes convertible into 1,329,787,234 new ordinary shares as at 30 June 2017 (30 June 2016: Nil).

Treasury shares

The Company did not have any treasury shares as at 30 June 2017 (30 June 2016: Nil).

Subsidiary Holdings

The Company did not have subsidiary holdings as at 30 June 2017 ( 30 June 2016: Nil)

**1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30.06.17	As at 31.12.16
Total number of issued shares excluding treasury shares	<u>3,199,004,867</u>	<u>2,460,234,183</u>

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.



**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. There were no sales, transfers, cancellation and/or use of subsidiary holdings during and as at the end of the current financial period reported on.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current financial year compared with the audited financial statements as at 31 December 2016, except for the adoption of the Financial Reporting Standards (FRS) and Interpretation of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2017. The adoption of these new FRS and INT FRS has no significant impact on the financial statements for the current and prior reporting periods.

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<u>3 months ended</u>		<u>6 months ended</u>	
	<u>30.06.17</u>	<u>30.06.16</u>	<u>30.06.17</u>	<u>30.06.16</u>
Basic and diluted (loss) / earnings per ordinary share (Singapore cents)	<u>(0.09) (a, b)</u>	<u>- (c, d)</u>	<u>(0.11) (a, b)</u>	<u>0.03 (c)</u>

a) Basic and diluted (loss)/earnings per share of the Group for the 3 months and 6 months ended 30 June 2017 are calculated based on the weighted average number of ordinary shares in issue of 3,037,287,152 and 2,750,354,737 (3 months ended 30 June 2016: 2,310,173,348 and 6 months ended 30 June 2016: 2,309,204,765).

(b) The respective basis and diluted loss per share ("LPS") of the Group for the 3 months and 6 months ended 30 June 2017 were the same as the potential ordinary shares are anti-dilutive as the effect of the share conversion would be to decrease the LPS.

(c) The respective basis and diluted earnings per share for the Group for the 3 months and 6 months ended 30 June 2016 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

(d) Not meaningful.

7. **Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**a) current financial period reported on; and**  
**b) immediately preceding financial year.**

	Group		Company	
	As at 30.06.17	As at 31.12.16	As at 30.06.17	As at 31.12.16
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	5.44	6.17	6.82	7.87

The net asset value per ordinary share of the Group and the Company as at 30 June 2017 were calculated based on the total number of issued shares, excluding treasury shares, of 3,199,004,867 (31 December 2016: 2,460,234,183).

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the followings:-**  
**a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

#### Review of performance

The Group's turnover for the quarter ended 30 June 2017 ("FY2017 Q2") was S\$25.5 million, an increase of S\$2.3 million or 9.8% from S\$23.2 million for the quarter ended 30 June 2016 ("FY2016 Q2"). The increase was mainly due to the increase in revenue of S\$0.1 million from the Primary Healthcare segment, as well as S\$2.2 million in Specialist & Wellness Healthcare segment. The Group's turnover for both Primary Healthcare segment and Specialist & Wellness Healthcare segment includes revenue from clinics owned by Healthway Medical Enterprise Pte Ltd ("HME"), which was acquired by the Group during FY2017 Q2.

Other income in FY2017 Q2 was S\$0.4 million, an increase of S\$ 0.4 million due to lower foreign exchange loss by S\$ 0.5 million, offset by lower other miscellaneous income of S\$0.1 million.

Total operating costs for the Group increased by S\$4.3 million or 18.7% from S\$23 million for FY2016 Q2 to S\$ 27.3 million for FY2017 Q2. The increase was mainly attributable to higher staff costs, other operating costs as well as higher depreciation costs upon acquisition of HME during FY2017 Q2.

Finance costs were higher by S\$0.8 million or 305.6% mainly attributable to interest costs of S\$0.6 million on the convertible notes issued in FY2017 Q2.

As a result of the above, the Group's net loss before income tax for FY2017 Q2 was S\$2.5 million as compared to a loss before income tax of S\$0.1 million in FY2016 Q2 and the net loss attributable to shareholders for FY2017 Q2 was S\$2.6 million as compared to net profit attributable to shareholders of S\$0.1 million for FY2016 Q2.

#### Financial position

Non-current assets were S\$176.7 million as at 30 June 2017, S\$54.7 million higher than S\$122.0 million as at 31 December 2016. The increase was due to an increase in other receivables of \$1.8 million, increase in property, plant and equipment of \$2.5 million mainly attributable to the acquisition of HME. Increase in intangible assets of \$50.4 million relating to goodwill recognised is attributable to the acquisition of HME subject to purchase cost allocation review.

Current assets were S\$61.4 million as at 30 June 2017, S\$11.1 million lower than S\$72.5 million as at 31 December 2016. The decrease was mainly due to a decrease in trade and other receivables of S\$51.8 million and increase in inventories by S\$0.6 million attributable to the acquisition of HME during FY2017 Q2, which was offset by increase in cash and cash equivalents of S\$40.3 million mainly as a result of issuance of convertible notes.

Non-current liabilities were S\$44.0 million as at 30 June 2017, an increase of S\$40.5 million from S\$3.5 million as at 31 December 2016. This was mainly due to the increase in borrowings of S\$42.4 million largely due to the issuance of convertible notes as well as an increase of S\$0.3 million in provisions, offset by repayment of borrowings of S\$2.3 million.

Current liabilities were S\$20.1 million as at 30 June 2017, a decrease of S\$19.0 million from S\$39.1 million as at 31 December 2016. This was mainly due to a decrease in trade and other payables of S\$9.9 million resulting from payment to trade creditors and lower accruals for operating expenses, as well as a repayment of borrowings of S\$9.4 million that were undertaken for working capital purposes, offset by an increase in current income tax liabilities of S\$0.3 million resulting from higher income tax expenses during FY2017 Q2.

The Group had a positive working capital of S\$41.4 million as at 30 June 2017.

#### Cash flow statement

As at 30 June 2017, the Group had cash and cash equivalents amounting to S\$42.4 million, net of fixed deposits pledged of S\$0.6 million, as compared to cash and cash equivalents amounting to S\$1.6 million, net of fixed deposits pledged of S\$1.9 million as at 30 June 2016.

The cash movements during FY2017 Q2 can be summarised as follows:-

Cash flow used in operating activities for FY2017 Q2 amounted to S\$8.1 million was a result of operating loss before changes in working capital of S\$0.9 million, adjusted for net working capital outflow of S\$7.2 million and income tax payment of S\$0.1 million. The net working capital outflow was mainly due to decrease in trade and other payables of S\$5.3 million, increase in trade and other receivables of S\$1.3 million, and increase in inventories of S\$0.5 million.

Cash flow used in investing activities for FY2017 Q2 was S\$1.1 million, mainly due to an increase in loan receivables of S\$0.6 million from Wei Yi, as well as purchase of property, plant and equipment of S\$0.6 million.

Cash flow provided by financing activities for FY2017 Q2 was S\$50.8 million, mainly due to S\$59.2 million net proceeds from the issuance of convertible notes, offset by net repayment of borrowings of S\$7.4 million, interest paid of S\$ 0.5 million, as well as repayment of finance lease liabilities of S\$0.4 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders for the current reporting period.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

a) Independent review

On 27 February 2017 the Company announced that the Singapore Exchange Securities Trading Limited ("SGX-ST") requested the Company to appoint an independent reviewer ("Independent Reviewer") to look into the extensions of loans by the Group to HME and Wei Yi with the objective of establishing whether there are any breaches of the SGX-ST Listing Manual Section B: Rules of Catalist. As of the date of this report, the Independent Reviewer has substantially completed their review. The Company will update shareholders when the final report of the review from the Independent Reviewer is made available.

- b) The operating environment continues to be challenging. With the issuance of convertible notes, the Group is now well-capitalised. With the appointment of a new management team and expanded clinic network following the acquisition of HME during FY2017 Q2, the Group is on a sound footing to improve its services to provide better patients care and grow in a sustainable manner.

**11. If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividends have been declared or recommended for the current reporting period.

**(b)(i) Amount per share (cents)**

Not applicable.

**(b)(ii) Previous corresponding period (cents)**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) Book closure date**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividends have been declared or recommended for the current financial period reported on.

**13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Company does not have a general mandate from its shareholders for Interested Person Transactions.

There were no IPTs of S\$100,000 or more entered into by the Group during FY2017 Q2.

**14. Use of Proceeds from Tranche 2 of Convertible Notes ("T2 CN B")**

The net proceeds from the issuance of T2 CN B, which was completed on 21 April 2017, was approximately S\$59.8 million (after deducting estimated expenses of S\$0.2 million) ("T2 Net Proceeds"). As at 25 August 2017, the T2 Net proceeds have been utilised as follows:

<b>Intended Purposes</b>	<b>Amount Allocated (S\$) Million</b>	<b>Amount Utilised (S\$) Million</b>	<b>Amount Unutilised (S\$) Million</b>
Short term liquidity needs	23.8	23.27	0.53
Organic expansion of GP clinics	2.0	0.53	1.47
Acquisition of specialists' clinics – hospital-based oncology and dermatology clinics	16.0	-	16.0
Acquisition of specialists' clinics – paediatrics	18.0	-	18.0
<b>Total</b>	<b>59.8</b>	<b>23.8</b>	<b>36.0</b>

Notes: The utilisation was in accordance with the intended purposes as stated in the Company's circular dated 6 April 2017.

**15. Confirmation pursuant to Rule 705(5) of the SGX-ST Listing Manual**

The Board of Directors (the "**Board**") has confirmed that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the quarter ended 30 June 2017 to be false or misleading in any material aspect.

**16. Confirmation pursuant to Rule 720 (1) of the SGX-ST Listing Manual**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720 (1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

**BY ORDER OF THE BOARD**

Raymond Lam  
Company Secretary  
28 August 2017

This announcement has been prepared by Healthway Medical Corporation Limited (the "**Company**") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).