

HEALTHWAY MEDICAL CORPORATION LIMITED

(Co. Regn. No: 200708625C)



HEALTHWAY
MEDICAL

UNAUDITED FINANCIAL STATEMENTS AND DIVIDENDS ANNOUNCEMENT FOR THE THREE-MONTH AND NINE-MONTH FINANCIAL PERIODS ENDED 30 SEPTEMBER 2017 ("2017 Q3")

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			9 months ended		
	30.09.17 S\$'000	30.09.16 S\$'000	Change %	30.09.17 S\$'000	30.09.16 S\$'000	Change %
Revenue	27,159	25,486	6.6	75,784	73,374	3.3
Other income	239	564	(57.6)	1,229	806	52.5
Medical supplies, consumables and laboratory expenses	(5,518)	(5,081)	8.6	(14,559)	(14,705)	(1.0)
Staff costs	(18,666)	(16,822)	11.0	(51,116)	(46,297)	10.4
Depreciation of property, plant and equipment	(477)	(329)	45.0	(1,325)	(1,015)	30.5
Amortisation of intangible assets	(1)	(17)	(94.1)	(3)	(53)	(94.3)
Other operating expenses	(4,690)	(3,378)	38.8	(12,822)	(10,500)	22.1
Finance costs	(758)	(335)	126.3	(2,616)	(896)	192.0
(Loss) / Profit before income tax	(2,712)	88	n.m.	(5,428)	714	n.m.
Income tax expense	(108)	(19)	468.4	(520)	(10)	n.m.
(Loss) / Profit for the period attributable to shareholders	(2,820)	69	n.m.	(5,948)	704	n.m.
Other comprehensive income / (loss), net of tax	1	12	(91.7)	23	(142)	n.m.
Total comprehensive (loss) / income for the period	(2,819)	81	n.m.	(5,925)	562	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			9 months ended		
	30.09.17 S\$'000	30.09.16 S\$'000	Change %	30.09.17 S\$'000	30.09.16 S\$'000	Change %
Interest income	(155)	(3)	n.m.	(172)	(11)	1,463.6
Rental income	(40)	(81)	(50.6)	(199)	(243)	(18.1)
Interest expense	758	335	126.3	2,616	896	192.0
Loss on disposal of property, plant and equipment	-	23	n.m.	25	23	8.7
Foreign exchange loss / (gain)	2	(148)	n.m.	18	1,035	(98.3)
Operating lease expenses	2,630	2,032	29.4	7,274	6,245	16.5

Statement of comprehensive income

	3 months ended			9 months ended		
	30.09.17 S\$'000	30.09.16 S\$'000	Change %	30.09.17 S\$'000	30.09.16 S\$'000	Change %
(Loss) / Profit for the period	(2,820)	69	n.m.	(5,948)	704	n.m.
Foreign exchange differences	1	12	(91.7)	23	(142)	n.m.
Total comprehensive (loss) / income for the period	(2,819)	81	n.m.	(5,925)	562	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.

	Group		Company	
	30.09.17	31.12.16	30.09.17	31.12.16
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets				
Cash and cash equivalents	39,543	2,780	38,287	1,368
Trade and other receivables	16,437	67,289	172	6,553
Inventories	3,124	2,270	-	-
Current income tax recoverable	-	175	-	-
	<u>59,104</u>	<u>72,514</u>	<u>38,459</u>	<u>7,921</u>
Non-current assets				
Other receivables	3,144	1,186	-	-
Investments in subsidiaries	-	-	224,485	195,060
Property, plant and equipment	7,273	4,999	-	-
Intangible assets	166,119	115,787	-	-
	<u>176,536</u>	<u>121,972</u>	<u>224,485</u>	<u>195,060</u>
Total assets	<u>235,640</u>	<u>194,486</u>	<u>262,944</u>	<u>202,981</u>
Equity				
Share capital	233,514	208,214	233,514	208,214
Currency translation reserve	741	718	-	-
Accumulated losses	(62,970)	(57,022)	(16,515)	(14,600)
Total equity	<u>171,285</u>	<u>151,910</u>	<u>216,999</u>	<u>193,614</u>
Current liabilities				
Trade and other payables	19,171	28,409	3,482	3,737
Current income tax liabilities	343	-	5	145
Borrowings	1,067	10,698	-	4,282
	<u>20,581</u>	<u>39,107</u>	<u>3,487</u>	<u>8,164</u>
Non-current liabilities				
Borrowings	43,118	3,152	42,458	1,203
Deferred income tax liabilities	25	25	-	-
Provisions	631	292	-	-
	<u>43,774</u>	<u>3,469</u>	<u>42,458</u>	<u>1,203</u>
Total liabilities	<u>64,355</u>	<u>42,576</u>	<u>45,945</u>	<u>9,367</u>
Total equity and liabilities	<u>235,640</u>	<u>194,486</u>	<u>262,944</u>	<u>202,981</u>

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.

	As at 30.09.17		As at 31.12.16	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	315	-	8,649	666
Amount repayable after one year	42,611	-	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:

	As at	As at
	30.09.17	31.12.16
	S\$'000	S\$'000
Amount repayable within one year	752	1,383
Amount repayable after one year	507	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		9 months ended	
	30.09.17	30.09.16	30.09.17	30.09.16
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
(Loss) / Profit before income tax	(2,712)	88	(5,428)	714
Adjustments for:				
Amortisation of intangible assets	1	17	3	53
Depreciation of property, plant and equipment	477	329	1,325	1,015
Loss on disposal of property, plant and equipment	-	23	25	23
Unrealised currency translation loss / (gain)	2	(148)	18	1,035
Interest expense	758	335	2,616	896
Interest income	(155)	(3)	(172)	(11)
	<u>(1,629)</u>	<u>641</u>	<u>(1,613)</u>	<u>3,725</u>
Changes in working capital:				
Inventories	(215)	(399)	(353)	(542)
Trade and other receivables	(746)	(1,963)	(1,854)	(4,120)
Trade and other payables	(250)	274	(11,392)	5,435
Cash (used in) / generated from operations	<u>(2,840)</u>	<u>(1,447)</u>	<u>(15,212)</u>	<u>4,498</u>
Income tax payment	(73)	(624)	(2)	(1,243)
Net cash (used in) / generated from operating activities	<u>(2,913)</u>	<u>(2,071)</u>	<u>(15,214)</u>	<u>3,255</u>
Cash flows from investing activities				
Addition to property, plant and equipment	(286)	(27)	(1,175)	(272)
Addition to intangible assets	-	2	-	(1)
Loan to Wei Yi	(53)	(364)	(810)	(1,000)
(Advances) to HME - net	-	(629)	(526)	(1,225)
Acquisition of a subsidiary	-	-	73	-
Interest received	155	3	172	11
Net cash used in investing activities	<u>(184)</u>	<u>(1,015)</u>	<u>(2,266)</u>	<u>(2,487)</u>
Cash flows from financing activities				
Proceeds from issuance of shares	-	3,999	-	3,999
Share issue expenses	-	(215)	-	(215)
Proceeds from re-issuance of treasury shares	-	-	-	626
Proceeds from issuance of convertible notes	-	-	67,714	-
Proceeds from borrowings	-	5,303	5,088	9,923
Repayment of borrowings	(60)	(4,876)	(16,108)	(12,678)
Fixed deposits pledged / withdrawn	(1)	(1)	1,302	(39)
Repayment of finance lease liabilities	(320)	(404)	(1,115)	(516)
Interest paid	(40)	(335)	(1,336)	(896)
Net cash (used in) / provided by financing activities	<u>(421)</u>	<u>3,471</u>	<u>55,545</u>	<u>204</u>
Net (decrease) / increase in cash and cash equivalents	<u>(3,518)</u>	<u>385</u>	<u>38,065</u>	<u>972</u>
Cash and cash equivalents				
Beginning of financial period	42,454	1,633	871	1,046
Effect of exchange rate fluctuations on cash held	-	(1)	-	(1)
End of financial period	<u>38,936</u>	<u>2,017</u>	<u>38,936</u>	<u>2,017</u>

Cash and cash equivalents comprised:

	As at	As at
	30.09.17	30.09.16
	S\$'000	S\$'000
Deposits with banks	39,543	3,894
Fixed deposits pledged as collaterals	(607)	(1,877)
	<u>38,936</u>	<u>2,017</u>

For the three month period ended 30 June 2017, the Group acquired property, plant and equipment with an aggregate cost of S\$286,000 (2016: S\$623,000), 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 →					
	Ordinary shares S\$'000	Treasury shares S\$'000	Total S\$'000	Translation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Group - Current period						
At 30 June 2017	233,514	-	233,514	740	(60,150)	174,104
Loss for the period	-	-	-	-	(2,820)	(2,820)
Foreign exchange differences	-	-	-	1	-	1
Total comprehensive loss for the period	-	-	-	1	(2,820)	(2,819)
At 30 September 2017	233,514	-	233,514	741	(62,970)	171,285
Group - Previous period						
At 30 June 2016	204,430	-	204,430	681	(12,278)	192,833
Profit for the period	-	-	-	-	69	69
Foreign exchange differences	-	-	-	12	-	12
Total comprehensive (loss) / income for the period	-	-	-	12	69	81
Issue of new shares pursuant to placement	3,999	-	3,999	-	-	3,999
Share issue expenses	(215)	-	(215)	-	-	(215)
Total contributions by and distributions to owners	3,784	-	3,784	-	-	3,784
At 30 September 2016	208,214	-	208,214	693	(12,209)	196,698

	← Share capital →					
	Ordinary shares S\$'000	Treasury shares S\$'000	Total S\$'000	Translation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Company - Current period						
At 30 June 2017	233,514	-	233,514	-	(15,302)	218,212
Loss for the period	-	-	-	-	(1,213)	(1,213)
Total comprehensive loss for the period	-	-	-	-	(1,213)	(1,213)
At 30 September 2017	233,514	-	233,514	-	(16,515)	216,999
Company - Previous period						
At 30 June 2016	204,430	-	204,430	-	(8,991)	195,439
Profit for the period	-	-	-	-	434	434
Total comprehensive profit for the period	-	-	-	-	434	434
Issue of new shares pursuant to placement	3,999	-	3,999	-	-	3,999
Share issue expenses	(215)	-	(215)	-	-	(215)
Total contributions by and distributions to owners	3,784	-	3,784	-	-	3,784
At 30 September 2016	208,214	-	208,214	-	(8,557)	199,657

(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 30 June 2017 and 30 September 2017	3,199,004,867	231,577,263

Convertibles

The Company has outstanding convertible notes convertible into 1,329,787,233 new ordinary shares as at 30 September 2017 (30 September 2016: Nil).

Treasury shares

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

Subsidiary Holdings

The Company did not have subsidiary holdings as at 30 September 2017 (30 September 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 30.09.17	As at 31.12.16
Total number of issued shares excluding treasury shares	3,199,004,867	2,460,234,183

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.

	3 months ended		9 months ended	
	30.09.17	30.09.16	30.09.17	30.09.16
Basic and diluted (loss) / earnings per ordinary share (Singapore cents)	(0.09) (a, b)	- (c, d)	(0.20) (a, b)	0.03 (c)

a) Basic and diluted (loss)/earnings per share of the Group for the 3 months and 9 months ended 30 September 2017 are calculated based on the weighted average number of ordinary shares in issue of 3,199,004,867 and 2,901,548,187 (3 months ended 30 September 2016: 2,332,729,835 and 9 months ended 30 September 2016: 2,317,103,694).

(b) The respective basis and diluted loss per share ("LPS") of the Group for the 3 months and 9 months ended 30 September 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 9 months ended 30 September 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 30.09.17	As at 31.12.16	As at 30.09.17	As at 31.12.16
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	5.35	6.17	6.78	7.87

The net asset value per ordinary share of the Group and the Company as at 30 September 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 September 2017 ("FY2017 Q3") was S\$27.2 million, an increase of S\$1.7 million or 6.6% from S\$25.5 million for the quarter ended 30 September 2016 ("FY2016 Q3"). The increase was mainly due to the increase in revenue of S\$1.7 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 Q3 was S\$0.2 million, a decrease of S\$ 0.4 million due to foreign exchange loss in FY2017 Q3 as compared to foreign exchange gain of S\$ 0.2 million in FY2016 Q3, lower government employment grant of S\$0.1 million and lower other miscellaneous income of S\$0.2 million, which was partly offset by higher interest income of S\$0.1 million mainly attributable to interest earned on fixed deposit comprising the proceeds from convertible notes

Total operating costs for the Group increased by S\$3.7 million or 14.5% from S\$25.6 million for FY2016 Q3 to S\$ 29.3 million for FY2017 Q3. The increase was mainly attributable to higher staff costs, other operating costs, depreciation expenses upon acquisition of HME and payment of one time honorarium fees to directors of S\$ 0.2 million which was approved by the shareholders during the last annual general meeting held on 19 July 2017.

Finance costs were higher by S\$0.5 million or 126.3% mainly attributable to interest costs of S\$0.7 million on the convertible notes issued in FY2017 Q2, offset by lower loan interest costs of S\$0.2 million.

As a result of the above, the Group's loss before income tax for FY2017 Q3 was S\$2.7 million as compared to a profit before income tax of S\$0.1 million in FY2016 Q3 and the net loss attributable to shareholders for FY2017 Q3 was S\$2.8 million as compared to net profit attributable to shareholders of S\$0.1 million for FY2016 Q3.

Financial position

Non-current assets were S\$176.5 million as at 30 September 2017, S\$54.5 million higher than S\$122.0 million as at 31 December 2016. The increase was due to an increase in other receivables of \$1.9 million, increase in property, plant and equipment of \$2.3 million mainly attributable to the acquisition of HME. Increase in intangible assets of \$50.3 million relating to goodwill recognised is attributable to the acquisition of HME subject to purchase cost allocation review.

Current assets were S\$59.1 million as at 30 September 2017, S\$13.4 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 \$50.9 million, offset by increase in inventories by S\$0.8 million mainly attributable to the acquisition of HME during FY2017 Q2 and increase in cash and cash equivalents of S\$36.7 million mainly as a result of issuance of convertible notes during FY2017 Q2.

Non-current liabilities were S\$43.8 million as at 30 September 2017, an increase of S\$40.3 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\$2.5 million.

Current liabilities were S\$20.6 million as at 30 September 2017, a decrease of S\$18.5 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\$9.2 million resulting from payment to trade creditors and lower accruals for operating expenses, as well as a repayment of borrowings of S\$9.6 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 the 9 months FY2017.

The Group had a positive working capital of S\$38.5 million as at 30 September 2017.

Cash flow statement

As at 30 September 2017, the Group had cash and cash equivalents amounting to S\$38.9 million, net of fixed deposits pledged of S\$0.6 million, as compared to cash and cash equivalents amounting to S\$2.0 million, net of fixed deposits pledged of S\$1.9 million as at 30 September 2016.

The cash movements during FY2017 Q3 can be summarised as follows:-

Cash flow used in operating activities for FY2017 Q3 amounted to S\$2.9 million was a result of operating loss before changes in working capital of S\$1.6 million, adjusted for net working capital outflow of S\$1.2 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\$0.3 million, increase in trade and other receivables of S\$0.7 million, and increase in inventories of S\$0.2 million.

Cash flow used in investing activities for FY2017 Q3 was S\$0.2 million, mainly due to purchase of property, plant and equipment of S\$0.3 million, offset by interest received \$0.1 million.

Cash flow used in financing activities for FY2017 Q3 was S\$0.4 million, mainly due to repayment of finance lease liabilities of S\$0.3 million and net repayment of borrowings of S\$0.1 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 Catalyst. 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) With the new management team, which came on board during FY2017 Q3, the Group is now working hard to achieve its mission to improve its services to provide better patient care. The operating environment continues to remain challenging though. As a part of its endeavour to expand its clinic network and provide better patient care, the Group has recently setup a new Gastroenterology clinic on 1 November 2017.
- c) On 30 October 2017, Company has received notices from two Noteholders for the conversion of their entire T2 CN B amounting to an aggregate principal amount of S\$45 million into 88,652,482 T2 CN B Conversion Shares for Continental Equity Inc. and 1,241,134,751 T2 CN B Conversion Shares for GW Active Limited. Accordingly, the Company has today allotted and issued 88,652,482 T2 CN B Conversion Shares and 1,241,134,751 T2 CN B Conversion Shares to the respective noteholders and the total number of issued Shares has increased from 3,199,004,867 Shares to 4,528,792,100 Shares. Following the aforementioned, there are no outstanding convertible notes.

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 Q3. The Company is in advanced stage of negotiations with an interested person on a lease agreement and will make the necessary announcement if required under the Catalyst Rules of the SGX-ST.

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:

Intended Purposes	Amount Allocated (S\$) Million	Amount Utilised (S\$) Million	Amount Unutilised (S\$) Million
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
Total	59.8	23.8	36.0

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 September 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
14 November 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).