

HEALTHWAY MEDICAL CORPORATION LIMITED

(Co. Regn. No: 200708625C)



HEALTHWAY
MEDICAL

UNAUDITED FINANCIAL STATEMENTS AND DIVIDENDS ANNOUNCEMENT FOR THE THREE-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2018 ("2018 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		
	30.06.18	30.06.17	Change	30.06.18	30.06.17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	28,644	25,461	12.5	57,304	48,625	17.8
Other income	322	402	(19.9)	1,287	1,006	27.9
Other (losses) / gains - net	(7)	14	n.m.	9	(16)	n.m.
Expenses by nature						
- Medical supplies and consumables used	(4,527)	(4,023)	12.5	(9,194)	(7,402)	24.2
- Laboratory and related expenses	(932)	(932)	-	(1,801)	(1,639)	9.9
- Staff costs	(18,552)	(17,285)	7.3	(37,454)	(32,450)	15.4
- Depreciation of property, plant and equipment	(447)	(532)	(16.0)	(922)	(848)	8.7
- Amortisation of intangible assets	(1)	(1)	-	(1)	(2)	(50.0)
- Rental on operating leases	(2,619)	(2,549)	2.7	(5,331)	(4,644)	14.8
- Allowance for doubtful trade receivables	(6)	-	n.m.	(99)	-	n.m.
Finance costs	(21)	(1,087)	(98.1)	(39)	(1,858)	(97.9)
Other operating expenses	(1,838)	(1,938)	(5.2)	(3,644)	(3,488)	4.5
Profit / (Loss) before income tax	16	(2,470)	n.m.	115	(2,716)	n.m.
Income tax credit / (expense)	62	(154)	n.m.	79	(412)	n.m.
Profit / (Loss) for the period attributable to shareholders	78	(2,624)	n.m.	194	(3,128)	n.m.
Other comprehensive income / (loss), net of tax	5	(5)	n.m.	(9)	22	n.m.
Total comprehensive income / (loss) for the period	83	(2,629)	n.m.	185	(3,106)	n.m.

n.m. denotes not meaningful.

Explanatory notes to the income statement

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

	3 months ended			6 months ended		
	30.06.18	30.06.17	Change	30.06.18	30.06.17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	(99)	(11)	n.m.	(186)	(17)	n.m.
Rental income	(136)	(78)	74.4	(256)	(159)	61.0
Interest expense	21	1,087	(98.1)	39	1,858	(97.9)
Allowance for doubtful trade receivables	6	-	n.m.	99	-	n.m.
Loss on disposal of property, plant and equipment	195	2	n.m.	26	25	4.0
Foreign exchange loss / (gain)	7	(14)	n.m.	(9)	16	n.m.
Property, plant and equipment written off	117	-	n.m.	117	-	n.m.
Operating lease expenses	2,619	2,549	2.7	5,331	4,644	14.8

Statement of comprehensive income

	3 months ended			6 months ended		
	30.06.18	30.06.17	Change	30.06.18	30.06.17	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit / (Loss) for the period	78	(2,624)	n.m.	194	(3,128)	n.m.
Currency translation gain / (losses) arising from consolidation - net	5	(5)	n.m.	(9)	22	n.m.
Total comprehensive income / (loss) for the period	83	(2,629)	n.m.	185	(3,106)	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	
	30.06.18 S\$'000	31.12.17 S\$'000	30.06.18 S\$'000	31.12.17 S\$'000
Current assets				
Cash and bank balances	35,255	38,630	31,743	36,057
Trade and other receivables	18,997	16,239	458	334
Inventories	3,390	3,202	-	-
	<u>57,642</u>	<u>58,071</u>	<u>32,201</u>	<u>36,391</u>
Non-current assets				
Other receivables	1,897	2,380	-	175
Investments in subsidiaries	-	-	206,363	201,923
Property, plant and equipment	7,168	8,312	762	794
Intangible assets	142,185	142,032	-	-
	<u>151,250</u>	<u>152,724</u>	<u>207,125</u>	<u>202,892</u>
Total assets	<u>208,892</u>	<u>210,795</u>	<u>239,326</u>	<u>239,283</u>
Equity				
Share capital	277,433	277,433	277,433	277,433
Currency translation reserve	722	731	-	-
Accumulated losses	(91,618)	(91,812)	(41,403)	(41,459)
Total equity	<u>186,537</u>	<u>186,352</u>	<u>236,030</u>	<u>235,974</u>
Current liabilities				
Trade and other payables	19,578	20,950	3,216	3,229
Current income tax liabilities	109	193	-	-
Borrowings	599	846	-	-
	<u>20,286</u>	<u>21,989</u>	<u>3,216</u>	<u>3,229</u>
Non-current liabilities				
Borrowings	225	499	-	-
Deferred income tax liabilities	1,255	1,297	-	-
Provisions	589	658	80	80
	<u>2,069</u>	<u>2,454</u>	<u>80</u>	<u>80</u>
Total liabilities	<u>22,355</u>	<u>24,443</u>	<u>3,296</u>	<u>3,309</u>
Total equity and liabilities	<u>208,892</u>	<u>210,795</u>	<u>239,326</u>	<u>239,283</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 30.06.18		As at 31.12.17	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	233	-	304	-
Amount repayable after one year	-	-	86	-

The secured borrowings of the Group are secured by personal guarantee from employees of the Company.

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
	30.06.18	31.12.17
	S\$'000	S\$'000
Amount repayable within one year	366	542
Amount repayable after one year	225	413

The finance lease liabilities of the Group are secured by the legal titles of leased property, plant and equipment and corporate guarantee from the Company.

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

	3 months ended		6 months ended	
	30.06.18 S\$'000	30.06.17 S\$'000	30.06.18 S\$'000	30.06.17 S\$'000
Cash flows from operating activities				
Profit / (Loss) before income tax	16	(2,470)	115	(2,716)
Adjustments for:				
Amortisation of intangible assets	1	1	1	2
Depreciation of property, plant and equipment	447	532	922	848
Allowance for doubtful trade receivables	6	-	99	-
Property, plant and equipment written off	117	-	117	-
Loss on disposal of property, plant and equipment	195	2	26	25
Unrealised currency translation loss / (gain) - net	7	(14)	(9)	16
Interest expense	21	1,087	39	1,858
Interest income	(99)	(11)	(186)	(17)
	711	(873)	1,124	16
Changes in working capital:				
Inventories	296	(539)	(188)	(138)
Trade and other receivables	(1,663)	(1,278)	(2,487)	(1,108)
Trade and other payables	25	(5,356)	(1,101)	(11,141)
Cash used in operations	(631)	(8,046)	(2,652)	(12,371)
Income tax (payment) / refund	-	(74)	(46)	71
Net cash used in operating activities	(631)	(8,120)	(2,698)	(12,300)
Cash flows from investing activities				
Addition to property, plant and equipment	(63)	(601)	(191)	(889)
Addition to intangible assets	(153)	-	(153)	-
Proceeds from disposal of property, plant and equipment	5	-	314	-
Settlement of obligation - Wei Yi	(248)	(587)	(272)	(757)
Advances to HME - net	-	-	-	(526)
Acquisition of a subsidiary, net of cash acquired	-	73	-	73
Interest received	99	11	186	17
Net cash used in investing activities	(360)	(1,104)	(116)	(2,082)
Cash flows from financing activities				
Proceeds from issuance of convertible notes	-	59,193	-	67,713
Proceeds from borrowings	-	-	-	5,088
Repayment of borrowings	(79)	(7,434)	(157)	(16,048)
Fixed deposits withdrawn	-	-	-	1,303
Repayment of finance lease liabilities	(176)	(404)	(364)	(795)
Interest paid	(21)	(525)	(39)	(1,296)
Net cash (used in) / provided by financing activities	(276)	50,830	(560)	55,964
Net (decrease) / increase in cash and cash equivalents	(1,267)	41,606	(3,374)	41,583
Cash and cash equivalents				
Beginning of financial period	35,916	848	38,023	871
End of financial period	34,649	42,454	34,649	42,454

Cash and cash equivalents comprised:

	As at 30.06.18 S\$'000	As at 30.06.17 S\$'000
Cash and bank balances	35,255	43,060
Fixed deposits pledged as collaterals	(606)	(606)
	<u>34,649</u>	<u>42,454</u>

For the three month period ended 30 June 2018, the Group acquired property, plant and equipment with an aggregate cost of S\$63,000 (2017: S\$601,000), of which S\$nil (2017: S\$nil) was acquired under finance lease.

Reconciliation of liabilities arising from financing activities

	1-Jan-18	Principal Proceeds	Principal and interest payments	Non-cash changes \$'000			30-Jun-18
				Acquisition	Equity conversion	Interest expense	
	\$'000	\$'000	\$'000				\$'000
Bank borrowings	390	-	(166)	-	-	9	233
Lease liabilities	955	-	(394)	-	-	30	591

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.

	Ordinary shares S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Group - Current period				
At 31 March 2018	277,433	717	(91,696)	186,454
Profit for the period	-	-	78	78
Foreign exchange differences	-	5	-	5
Total comprehensive income for the period	-	5	78	83
At 30 June 2018	277,433	722	(91,618)	186,537

Group - Previous period				
At 31 March 2017	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 pursuant to placement	25,000	-	-	25,000
Share issue expenses	(1,637)	-	-	(1,637)
Convertible Note - equity component (net)	1,565	-	-	1,565
Total contributions by and distributions to owners	24,928	-	-	24,928
At 30 June 2017	233,514	740	(60,150)	174,104

	Ordinary shares S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Company - Current period				
At 31 March 2018	277,433	-	(41,364)	236,069
Loss for the period	-	-	(39)	(39)
Total comprehensive loss for the period	-	-	(39)	(39)
At 30 June 2018	277,433	-	(41,403)	236,030

Company - Previous period				
At 31 March 2017	208,586	-	(14,610)	193,976
Loss for the period	-	-	(692)	(692)
Total comprehensive loss for the period	-	-	(692)	(692)
Issue of new shares pursuant to placement	25,000	-	-	25,000
Share issue expenses	(1,637)	-	-	(1,637)
Convertible Note - equity component (net)	1,565	-	-	1,565
Total contributions by and distributions to owners	24,928	-	-	24,928
At 30 June 2017	233,514	-	(15,302)	218,212

1(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 2018 and 30 June 2018	4,528,792,100	277,433,014

Convertible notes

The Company did not have any outstanding convertible notes as at 30 June 2018 (30 June 2017: outstanding convertible notes convertible into 1,329,787,234 shares).

Treasury shares

The Company did not have any treasury shares as at 30 June 2018 (30 June 2017: Nil).

Subsidiary Holdings

The Company did not have subsidiary holdings as at 30 June 2018 (30 June 2017: 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 30.06.18	As at 31.12.17
Total number of issued shares excluding treasury shares	4,528,792,100	4,528,792,100

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. The Company did not have any 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. The Company did not have any 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.

Except for the adoption of the new financial reporting framework as discussed in the paragraph below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared to the Group's most recently audited financial statements for the year ended 31 December 2017.

On 1 January 2018, the Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s) and has prepared its financial information under SFRS(I)s for the second quarter and half year ended 30 June 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s. The Group has also concurrently applied new major accounting standards (1) SFRS(I) 9 Financial Instruments and (2) SFRS(I) 15 Revenue from Contracts with Customers. The adoption of the new financial reporting framework has no material impact to the Group's accounting policies and financial statements.

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		6 months ended	
	30.06.18	30.06.17	30.06.18	30.06.17
Basic and diluted earnings / (loss) per ordinary share (Singapore cents) ^(a)	- (b,d)	(0.09) (c)	- (b,d)	(0.11) (c)

(a) Basic and diluted earnings per share of the Group for the 3 months and 6 months ended 30 June 2018 are calculated based on the weighted average number of ordinary shares in issue of 4,528,792,100 (3 months ended 30 June 2017: 3,037,287,152 and 6 months ended 30 June 2017: 2,750,354,737).

(b) The respective basic and diluted earnings per share for the Group for the 3 months and 6 months ended 30 June 2018 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

(c) The respective basic 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.

(d) Less than \$0.01

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 30.06.18	As at 31.12.17	As at 30.06.18	As at 31.12.17
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	4.12	4.11	5.21	5.21

The net asset value per ordinary share of the Group and the Company as at 30 June 2018 were calculated based on the total number of issued shares, excluding treasury shares, of 4,528,792,100 (31 December 2017: 4,528,792,100).

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 2018 ("FY2018 Q2") was S\$28.6 million, an increase of S\$3.1 million or 12.5% from S\$25.5 million for the quarter ended 30 June 2017 ("FY2017 Q2"). The increase was mainly due to the increase in revenue of S\$1.7 million in Primary Healthcare segment, as well as \$1.4 million in Specialist & Wellness Healthcare segment. Out of increase of S\$3.1 million in the Group's turnover in FY2018 Q2, the increase of S\$2.0 million for both Primary Healthcare segment and Specialist & Wellness Healthcare segment is attributable from clinics

owned by Healthway Medical Enterprises Pte Ltd (“HME”), which was acquired by the Group during FY2017 Q2.

Other income in FY2018 Q2 was S\$0.3 million, a decrease of S\$0.1 million due to loss on disposal of fixed assets of S\$0.2 million, offset by bank deposit interest of S\$0.1 million

Total operating costs for the Group increased by S\$1.6 million or 5.9% from S\$27.3 million for FY2017 Q2 to S\$28.9 million for FY2018 Q2. The increase was mainly attributable to increase in medical supplies, consumables and laboratory expenses, higher staff costs, other operating costs, depreciation expenses. Out of S\$1.6 million increase in operating cost, the increase of S\$1.4 million due to costs incurred for clinics owned by HME, which was acquired by the Group during FY2017 Q2.

Finance costs were lower by S\$1.1 million or 98.1% mainly due to repayment of borrowings during FY2017.

As a result of the above, the Group’s profit before income tax for FY2018 Q2 was S\$0.02 million as compared to a loss before income tax of S\$2.5 million in FY2017 Q2 and the net profit attributable to shareholders for FY2018 Q2 was S\$0.1 million as compared to net loss attributable to shareholders of S\$2.6 million for FY2017 Q2.

Financial position

Non-current assets were S\$151.3 million as at 30 June 2018, S\$1.4 million lower than S\$152.7 million as at 31 December 2017. The decrease was due to decrease in other receivables of S\$0.5 million due to reclassification of deposit from non-current to current in relation to clinic leases and decrease in property, plant and equipment of S\$1.1 million mainly due to depreciation and disposals. Current assets were S\$57.6 million as at 30 June 2018, S\$0.5 million lower than S\$58.1 million as at 31 December 2017. The decrease was mainly due to decrease in cash and cash equivalents of S\$3.4 million. This was offset by increase in inventories by S\$0.2 million due to increase in procurement during FY2018 Q1 and increase in trade receivables of S\$2.3 million mainly due to increase in revenue and increase in other receivables of S\$0.4 million.

Non-current liabilities were S\$2.1 million as at 30 June 2018, a decrease of S\$0.4 million from S\$2.5 million as at 31 December 2017. This was mainly due to reclassification of borrowings from non-current to current borrowings of S\$0.3 million and decrease in provision of S\$0.1 million.

Current liabilities were S\$20.3 million as at 30 June 2018, a decrease of S\$1.7 million from S\$22.0 million as at 31 December 2017. This was mainly due to a decrease in other payables and accruals for operating expenses totalling to S\$1.5 million, a repayment of borrowings of S\$0.2 million that were undertaken for working capital purposes, as well as a decrease in current income tax liabilities of S\$0.1 million, partly offset by an increase in trade payables of \$0.1 million.

The Group had a positive working capital of S\$37.4 million as at 30 June 2018.

Cash flow statement

As at 30 June 2018, the Group had cash and cash equivalents amounting to S\$34.6 million, net of fixed deposits pledged of S\$0.6 million, as compared to cash and cash equivalents amounting to S\$42.5 million, net of fixed deposits pledged of S\$0.6 million as at 30 June 2017.

The cash movements during FY2018 Q2 can be summarised as follows: -

Cash flow used in operating activities for FY2018 Q2 amounted to S\$0.6 million was a result of operating profit before changes in working capital of S\$0.7 million, adjusted for net working capital outflow of S\$1.4 million. The net working capital outflow was mainly due to increase in trade and other receivables of S\$1.7 million and decrease in inventories of S\$0.3 million.

Cash flow used in investing activities for FY2018 Q2 was S\$0.4 million, mainly due to partial settlement of obligations in respect of lease liabilities of an unrelated third party, Wei Yi Shi Ye Co. Ltd amounting to S\$0.2 million and addition of intangible assets of S\$0.2 million.

Cash flow used in financing activities for FY2018 Q2 was S\$0.3 million, mainly due to repayment of finance lease liabilities of S\$0.2 million and 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) As part of its business optimisation strategy, the Management has committed to reviewing the performance of its business units and rebalancing its network of clinics to continually improve operational efficacy. During FY2018 – Q2, the Group continued to take definitive measures that included the expansion or consolidation of certain Primary healthcare and/or Specialist and Wellness business units.

The Group has also unveiled a refreshed look and tagline to complement the vision of a network of clinics that is technology-enabled and hospitality-led. The new brand reflects the Group's goal of empowering healthier lives through a renewed focus on a patient-centric approach, where patients are always at the centre of its care ecosystem. The new brand will be rolled out across the network of clinics progressively. The rebranding exercise will entail initiatives designed to reinforce the Group's strengths and priorities among both internal and external stakeholders, including staff, customers and partners.

The ongoing business optimisation measures and the rebranding initiatives will anchor the Group's transformation efforts going forward.

- b) 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") ("BDO LLP") 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 ("Catalist Rules"). The findings of the Independent Reviewer was announced by the Company on 30 July 2018.

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.

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

Pursuant to the Catalist Rules, there were no IPTs of S\$100,000 or more entered into by the Group during FY2018 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"). On 29 December 2017, the Company announced certain re-allocation of the T2 Net Proceeds ("**First Re-allocation**").

In line with the business optimisation measures and the rebranding initiatives that will anchor Group's transformation efforts going forward as set out in paragraph 10, the Board, having reviewed the Group's cash needs for capital expenditure for renovation works, and organic expansion of both GP and Specialist clinics (which forms part of the Group's working capital requirements), has decided to regroup the initial intended use of proceeds ("**Regrouping**") and reallocate the balance unutilised proceeds ("**Further Re-Allocation**") in order to facilitate such efforts, as follows:

Intended purposes after First-Re-allocation	Amount allocated after First Reallocation	Intended purposes after Regrouping	Amount allocated after Regrouping and Further Re-allocation	Amount utilised as at 8 August 2018	Amount unutilised as at 8 August 2018
	(S\$ million)		(S\$ million)	(S\$ million)	(S\$ million)
Short term liquidity needs	29.80	Working capital	39.80	27.65 ⁽¹⁾	12.15
Organic expansion of GP Clinics	2.00				
Acquisition of specialists' clinics – hospital-based oncology and dermatology clinics	13.00	Acquisition of GP and Specialist clinics	20.00		20.00
Acquisition of specialists' clinics – paediatrics	15.00				
Total	59.80	-	59.80	27.65	32.15

Notes:-

(1) Mainly for the repayment of loans, payment of salaries and payments to suppliers.

The utilisation was in accordance with the intended purposes as stated in the Company's circular dated 6 April 2017 and the announcement dated 29 December 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 2018 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
8 August 2018

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.

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