

HEALTHWAY MEDICAL CORPORATION LIMITED

(Co. Regn. No: 200708625C)



Empowering Healthier Lives

UNAUDITED FINANCIAL STATEMENTS AND DIVIDENDS ANNOUNCEMENT FOR THE THREE-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 ("2018 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		
	30.09.18 S\$'000	30.09.17 S\$'000	Change %	30.09.18 S\$'000	30.09.17 S\$'000	Change %
Revenue	27,463	27,159	1.1	84,767	75,784	11.9
Other income	400	241	66.0	1,687	1,247	35.3
Other losses - net	(41)	(2)	n.m.	(32)	(18)	77.8
Expenses by nature						
- Medical supplies and consumables used	(4,354)	(4,483)	(2.9)	(13,548)	(11,885)	14.0
- Laboratory and related expenses	(910)	(1,035)	(12.1)	(2,711)	(2,674)	1.4
- Staff costs	(18,583)	(18,666)	(0.4)	(56,037)	(51,116)	9.6
- Depreciation of property, plant and equipment	(450)	(477)	(5.7)	(1,372)	(1,325)	3.5
- Amortisation of intangible assets	-	(1)	n.m.	(1)	(3)	(66.7)
- Rental on operating leases	(2,674)	(2,630)	1.7	(8,005)	(7,274)	10.0
- Allowance for doubtful trade receivables	(290)	-	n.m.	(389)	-	n.m.
Finance costs	(12)	(758)	(98.4)	(51)	(2,616)	(98.1)
Other operating expenses	(2,217)	(2,060)	7.6	(5,861)	(5,548)	5.6
Loss before income tax	(1,668)	(2,712)	(38.5)	(1,553)	(5,428)	(71.4)
Income tax credit / (expense)	40	(108)	n.m.	119	(520)	n.m.
Loss for the period attributable to shareholders	(1,628)	(2,820)	(42.3)	(1,434)	(5,948)	(75.9)
Other comprehensive income, net of tax	26	1	n.m.	17	23	(26.1)
Total comprehensive loss for the period	(1,602)	(2,819)	(43.2)	(1,417)	(5,925)	(76.1)

n.m. denotes not meaningful.

Explanatory notes to the income statement

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

	3 months ended			9 months ended		
	30.09.18 S\$'000	30.09.17 S\$'000	Change %	30.09.18 S\$'000	30.09.17 S\$'000	Change %
Interest income	(105)	(155)	(32.3)	(291)	(172)	69.2
Rental income	(135)	(40)	n.m.	(391)	(199)	96.5
Loss on disposal of subsidiaries	68	-	n.m.	68	-	n.m.
Interest expense	12	758	(98.4)	51	2,616	(98.1)
Allowance for doubtful trade receivables	290	-	n.m.	389	-	n.m.
Bad debts written back	(10)	-	n.m.	(10)	-	n.m.
Loss on disposal of property, plant and equipment	27	-	n.m.	53	25	n.m.
Unrealised currency translation loss - net	41	2	n.m.	32	18	77.8
Property, plant and equipment written off	229	-	n.m.	346	-	n.m.
Operating lease expenses	2,674	2,630	1.7	8,005	7,274	10.0

Statement of comprehensive income

	3 months ended			9 months ended		
	30.09.18 S\$'000	30.09.17 S\$'000	Change %	30.09.18 S\$'000	30.09.17 S\$'000	Change %
Loss for the period	(1,628)	(2,820)	(42.3)	(1,434)	(5,948)	(75.9)
Currency translation gain arising from consolidation - net	26	1	n.m.	17	23	(26.1)
Total comprehensive loss for the period	(1,602)	(2,819)	(43.2)	(1,417)	(5,925)	(76.1)

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	
	30.09.18	31.12.17	30.09.18	31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets				
Cash and bank balances	34,822	38,630	32,715	36,057
Trade and other receivables	17,595	16,239	339	334
Inventories	3,009	3,202	-	-
	<u>55,426</u>	<u>58,071</u>	<u>33,054</u>	<u>36,391</u>
Non-current assets				
Other receivables	1,902	2,380	-	175
Investments in subsidiaries	-	-	205,895	201,923
Property, plant and equipment	6,749	8,312	729	794
Intangible assets	142,535	142,032	204	-
	<u>151,186</u>	<u>152,724</u>	<u>206,828</u>	<u>202,892</u>
Total assets	<u>206,612</u>	<u>210,795</u>	<u>239,882</u>	<u>239,283</u>
Equity				
Share capital	277,433	277,433	277,433	277,433
Currency translation reserve	748	731	-	-
Accumulated losses	(93,246)	(91,812)	(41,514)	(41,459)
Total equity	<u>184,935</u>	<u>186,352</u>	<u>235,919</u>	<u>235,974</u>
Current liabilities				
Trade and other payables	19,192	20,950	3,883	3,229
Current income tax liabilities	89	193	-	-
Borrowings	494	846	-	-
	<u>19,775</u>	<u>21,989</u>	<u>3,883</u>	<u>3,229</u>
Non-current liabilities				
Borrowings	146	499	-	-
Deferred income tax liabilities	1,178	1,297	-	-
Provisions	578	658	80	80
	<u>1,902</u>	<u>2,454</u>	<u>80</u>	<u>80</u>
Total liabilities	<u>21,677</u>	<u>24,443</u>	<u>3,963</u>	<u>3,309</u>
Total equity and liabilities	<u>206,612</u>	<u>210,795</u>	<u>239,882</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 30.09.18		As at 31.12.17	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	152	-	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
	30.09.18	31.12.17
	S\$'000	S\$'000
Amount repayable within one year	342	542
Amount repayable after one year	146	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		9 months ended	
	30.09.18 S\$'000	30.09.17 S\$'000	30.09.18 S\$'000	30.09.17 S\$'000
Cash flows from operating activities				
Loss before income tax	(1,668)	(2,712)	(1,553)	(5,428)
Adjustments for:				
Amortisation of intangible assets	-	1	1	3
Depreciation of property, plant and equipment	450	477	1,372	1,325
Allowance for doubtful trade receivables	290	-	389	-
Property, plant and equipment written off	229	-	346	-
Loss on disposal of property, plant and equipment	27	-	53	25
Loss on disposal of subsidiaries	68	-	68	-
Unrealised currency translation loss - net	41	2	32	18
Interest expense	12	758	51	2,616
Interest income	(105)	(155)	(291)	(172)
	(656)	(1,629)	468	(1,613)
Changes in working capital:				
Inventories	218	(215)	30	(353)
Trade and other receivables	1,107	(746)	(1,380)	(1,854)
Trade and other payables	(164)	(250)	(1,265)	(11,391)
Provision	(11)	-	(11)	-
Cash generated from / (used in) operations	494	(2,840)	(2,158)	(15,211)
Income tax payment	-	(73)	(46)	(2)
Net cash generated from / (used in) operating activities	494	(2,913)	(2,204)	(15,213)
Cash flows from investing activities				
Addition to property, plant and equipment	(636)	(286)	(827)	(1,175)
Addition to intangible assets	(351)	-	(504)	-
Proceeds from disposal of property, plant and equipment	-	-	314	-
Settlement of obligations - Wei Yi	-	(53)	(272)	(810)
Advances to HME - net	-	-	-	(526)
Net cash inflow on disposal of a subsidiaries	150	-	150	-
Acquisition of a subsidiary, net of cash acquired	-	-	-	73
Interest received	105	155	291	172
Net cash used in investing activities	(732)	(184)	(848)	(2,266)
Cash flows from financing activities				
Proceeds from issuance of convertible notes	-	-	-	67,713
Proceeds from borrowings	-	-	-	5,088
Repayment of borrowings	(81)	(60)	(238)	(16,108)
Fixed deposits withdrawn	-	(1)	-	1,302
Repayment of finance lease liabilities	(103)	(320)	(467)	(1,115)
Interest paid	(12)	(40)	(51)	(1,336)
Net cash (used in) / provided by financing activities	(196)	(421)	(756)	55,544
Net (decrease) / increase in cash and cash equivalents	(434)	(3,518)	(3,808)	38,065
Cash and cash equivalents				
Beginning of financial period	34,649	42,454	38,023	871
End of financial period	34,215	38,936	34,215	38,936

Cash and cash equivalents comprised:

	As at 30.09.18 S\$'000	As at 30.09.17 S\$'000
Cash and bank balances	34,822	39,543
Fixed deposits pledged as collaterals	(607)	(607)
	<u>34,215</u>	<u>38,936</u>

For the three month period ended 30 September 2018, the Group acquired property, plant and equipment with an aggregate cost of S\$653,000 (2017: S\$286,000), 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			30-Sep-18
				Acquisition	Equity conversion	Interest expense	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank borrowings	390	-	(250)	-	-	12	152
Lease liabilities	955	-	(506)	-	-	39	488

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 30 June 2018	277,433	722	(91,618)	186,537
Loss for the period	-	-	(1,628)	(1,628)
Foreign exchange differences	-	26	-	26
Total comprehensive income / (loss) for the period	-	26	(1,628)	(1,602)
At 30 September 2018	277,433	748	(93,246)	184,935

Group - Previous period				
At 30 June 2017	233,514	740	(60,150)	174,104
Loss for the period	-	-	(2,820)	(2,820)
Foreign exchange differences	-	1	-	1
Total comprehensive income / (loss) for the period	-	1	(2,820)	(2,819)
At 30 September 2017	233,514	741	(62,970)	171,285

	Ordinary shares S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Company - Current period				
At 30 June 2018	277,433	-	(41,403)	236,030
Loss for the period	-	-	(111)	(111)
Total comprehensive loss for the period	-	-	(111)	(111)
At 30 September 2018	277,433	-	(41,514)	235,919

Company - Previous period				
At 30 June 2017	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	-	(16,515)	216,999

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

Convertible notes

The Company did not have any outstanding convertible notes as at 30 September 2018 (30 September 2017: outstanding convertible notes convertible into 1,329,787,233 shares).

Treasury shares

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

Subsidiary Holdings

The Company did not have subsidiary holdings as at 30 September 2018 (30 September 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 30.09.18	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 third quarter and nine months ended 30 September 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		9 months ended	
	30.09.18	30.09.17	30.09.18	30.09.17
Basic and diluted loss per ordinary share (Singapore cents) ^(a)	(0.04) ^(b)	(0.09) ^(c)	(0.03) ^(b)	(0.20) ^(c)

(a) Basic and diluted loss per share of the Group for the 3 months and 9 months ended 30 September 2018 are calculated based on the weighted average number of ordinary shares in issue of 4,528,792,100 (3 months ended 30 September 2017: 3,199,004,867 and 9 months ended 30 September 2017: 2,901,548,187).

(b) The respective basic and diluted loss per share for the Group for the 3 months and 9 months ended 30 September 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 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.

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	As at	As at	As at
	30.09.18	31.12.17	30.09.18	31.12.17
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	4.08	4.11	5.21	5.21

The net asset value per ordinary share of the Group and the Company as at 30 September 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 September 2018 ("FY2018 Q3") was S\$27.5 million, an increase of S\$0.3 million or 1.1% from S\$27.2 million for the quarter ended 30 September 2017 ("FY2017 Q3"). The increase was mainly due to the increase in revenue of S\$0.8 million in Primary Healthcare segment, offset by decrease in revenue of S\$0.5 million in Specialist & Wellness Healthcare segment.

However, turnover reduced by 4.1% from the preceding quarter ended 30 June 2018 largely due to reduced operating hours in certain clinics that are undergoing refurbishment works, as well as the challenging operating environment that has continued to exert pressure on revenue.

Other income in FY2018 Q3 was S\$0.4 million, an increase of S\$0.2 million due to incremental rental income of S\$0.1 million largely attributable to rental income from OUE Lippo Healthcare Limited and government grants of S\$0.1 million.

Total operating costs for the Group increased by S\$0.1 million or 0.3% from S\$29.4 million for FY2017 Q3 to S\$29.5 million for FY2018 Q3. The increase was mainly attributable to increase in other operating costs, allowance for doubtful trade receivables and rental on operating leases, which was partly offset by decrease in medical supplies, consumables and laboratory expenses, staff costs and depreciation expenses.

During FY2018 Q3, the Group incurred loss on disposal of subsidiaries of S\$0.1 million as the Group exited from the Wellness Healthcare segment and disposed of two subsidiaries – Class Medical Centre Pte Ltd and BCNG Pte Ltd .

Loss on disposal of property, plant and equipment and property, plant and equipment written off totalling to S\$0.3 million comprises write-off on account of disposal of subsidiaries and refurbishment of clinics.

Allowance of doubtful trade receivables of S\$0.3 million arising due to financial difficulties faced by the trade debtors. The Group shall continue to pursue all avenues available for the recovery of the outstanding trade receivables.

Finance costs were lower by S\$0.7 million or 98.4% mainly due to repayment of borrowings during FY2017.

As a result of the above, the Group's loss before income tax for FY2018 Q3 was S\$1.7 million as compared to a loss before income tax of S\$2.7 million in FY2017 Q3 and the net loss attributable to shareholders for FY2018 Q3 was S\$1.6 million as compared to net loss attributable to shareholders of S\$2.8 million for FY2017 Q3.

Financial position

Non-current assets were S\$151.2 million as at 30 September 2018, S\$1.5 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 net decrease in property, plant and equipment of S\$1.5 million mainly attributable to depreciation, disposals and write-offs totalling to S\$2.3 million offset by additions of S\$0.8 million. This was offset by an increase in intangible assets of S\$0.5 million due to acquisition of a GP clinic in FY2018 Q3 and addition of other intangibles of S\$0.2 million.

Current assets were S\$55.4 million as at 30 September 2018, S\$2.7 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\$3.8 million and decrease in inventories by S\$0.2 million. This was offset by increase in trade receivables of S\$1.1 million mainly due to increase in revenue and increase in other receivables of S\$0.2 million.

Non-current liabilities were S\$1.9 million as at 30 September 2018, a decrease of S\$0.6 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\$0.4 million, decrease in provisions of S\$0.1 million and decrease in deferred income tax liabilities of S\$0.1 million.

Current liabilities were S\$19.8 million as at 30 September 2018, a decrease of S\$2.2 million from S\$22.0 million as at 31 December 2017. This was mainly due to a decrease in trade payables of \$0.6 million, a decrease in other payables and accruals for operating expenses totalling to S\$1.2 million, a repayment of borrowings of S\$0.3 million that were undertaken for working capital purposes, as well as a decrease in current income tax liabilities of S\$0.1 million.

The Group had a positive working capital of S\$35.7 million as at 30 September 2018.

Cash flow statement

As at 30 September 2018, the Group had cash and cash equivalents amounting to S\$34.2 million, net of fixed deposits pledged of S\$0.6 million, as compared to cash and cash equivalents amounting to S\$38.9 million, net of fixed deposits pledged of S\$0.6 million as at 30 September 2017.

The cash movements during FY2018 Q3 can be summarised as follows: -

Cash flow generated by operating activities for FY2018 Q3 amounted to S\$0.5 million was a result of operating loss before changes in working capital of S\$0.7 million, adjusted for net working capital inflow of S\$1.2 million. The net working capital inflow was mainly due to decrease in inventories of S\$0.2 million, decrease in trade and other receivables of S\$1.1 million and decrease in trade and other payables of S\$0.1 million.

Cash flow used in investing activities for FY2018 Q3 was S\$0.7 million, mainly due to purchase of property, plant and equipment of S\$0.6 million, addition of intangible assets of S\$0.4 million, offset by interest received of S\$0.1 million and net proceed from disposal of subsidiaries of S\$0.2 million.

Cash flow used in financing activities for FY2018 Q3 was S\$0.2 million, mainly due to repayment of finance lease liabilities of S\$0.1 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 continues to review the performance of its business units and rebalance its network of clinics to continually improve operational efficacy. During FY2018 Q3, the Group exited from the Wellness Healthcare business, as the Group continues to optimise its operations.

The Group is also continuing its rebranding exercise, as it progressively refurbishes and refreshes its clinics to complement the vision of a network of clinics that is technology-enabled and hospitality-led. This has resulted in a reduction of operating hours in certain clinics that are undergoing refurbishment works. The ongoing business optimisation measures and the rebranding initiatives will continue to anchor the Group's transformation efforts going forward.

- b) The Group has also initiated an internal restructuring exercise to streamline the Group's corporate structure ("**Internal Restructuring Exercise**"). The Internal Restructuring Exercise which seeks to consolidate and/or group the various business entities operating under a similar segment will involve *inter alia*, incorporation of new wholly-owned subsidiaries as holding company for relevant business segment, transfer of shares and assets, and amalgamation of business entities operating under a similar segment as the case may be. The Company does not expect any change in the Company's overall interest in the various business entities as a result of the Internal Restructuring Exercise.

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 Q3.

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 reallocation of the T2 Net Proceeds. Subsequent thereto, the Company had on 8 August 2018 regrouped the initial intended use of proceeds (“**Regrouping**”) and reallocate the balance unutilised proceeds (“**Further Re-Allocation**”). As at 12 November 2018, the T2 Net proceeds have been utilised as follows:

Intended purposes after Regrouping	Amount allocated after Regrouping and Further Re-allocation	Amount utilised as at 12 November 2018	Amount unutilised as at 12 November 2018
	(S\$ million)	(S\$ million)	(S\$ million)
Working capital	39.80	28.12 ⁽¹⁾	11.68
Acquisition of GP and Specialist clinics	20.00	0.30	19.70
	59.80	28.42	31.38

Notes:-

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

The utilisation was in accordance with the intended purposes stated following the Regrouping and Further Re-allocation as stated in the Company’s announcement dated 8 August 2018.

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 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
12 November 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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