HEALTHWAY MEDICAL

Always Caring, Always Personal

Annual Report 2014

CONTENTS

Dr Philip Koh, Chairman, Medical Board, consulting with his patient at Healthway Medical Clinic, Blk 710, Tampines Street 71, Singapore

Dr Koh Tieh Leong, Clinical Director, Dental, performing dental procedure at Neuglow Dental, TripleOne Somerset, Singapore

Healthway's general and specialist medical practice groups are well-known medical establishments in Singapore

HEALTHWAY MEDICAL

HEALTHWAY DENTAL

SILVERCROSS
A Family Practice of Healthway Medical

Island ORTHOPAEDIC CONSULTANTS
A Specialist Practice of Healthway Medical

NOBEL SPECIALIST PRACTICE
A SPECIALIST PRACTICE BY HEALTHWAY MEDICAL

ヘルスウェイ
メディカル

sbcc baby & child clinic
A Specialist Practice of Healthway Medical

THOMSON PAEDIATRIC CENTRE
A Specialist Practice of Healthway Medical

NEUGLOW
A Wellness Practice of Healthway Medical

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, 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 Annual Report.

This Annual Report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Annual Report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

CORPORATE **PROFILE**

Healthway Medical Corporation Limited ("Healthway Medical Corporation" and together with its subsidiaries, the "Group") is **a leading private healthcare provider with one of the largest network of medical centres and clinics in Singapore.** The Group has a strong presence owning, operating and managing close to 100 medical centres and clinics. Most of these clinics are easily accessible and located across most parts of Singapore, as well as within major private hospitals.

Dr Leslie Ng, Island Orthopaedic spine surgeon, preparing for a surgical operation

Ms Marcella and Ms Wilma, our caregivers with our patient at Healthway Medical and Healthway Dental at Westgate, Singapore

Since our inception in 1990, our mission remains resolutely committed to provide quality medical services and facilities that are both accessible and affordable to patients.

From our beginnings in Primary Care, we now offer an expanded comprehensive range of specialist disciplines across the medical value chain such as paediatrics, orthopaedics, aesthetics, ophthalmology, ear, nose & throat, child development, psychological wellness, cardiology, general surgery, specialist dentistry, obstetrics and gynaecology.

PRIMARY HEALTHCARE DIVISION

With over sixty (60) General Practitioner (GP) and dental clinics island-wide, our Primary Healthcare division forms one of the largest network of private clinics delivering outpatient medical services to both private patients and corporate clientele in Singapore.

Through our team of dedicated doctors, nurses and care-givers, you will get the highest quality of consultation, treatment and management for all their concern on primary healthcare. Our doctors are highly experienced and they also look into the psychological well being, social support, home environment, life-style amongst other factors to improve patients' well-being.

We aim to provide network convenience to our patients with quality and affordable healthcare. In addition, through our participation in the Community Health Assist Scheme (CHAS) and Pioneer Generation Package, we are able to serve more Singaporeans and care for those with chronic diseases to better manage their conditions earlier.

Family Medicine

Our integrated primary network offers a wide spectrum of other services including chronic care management, vaccinations, health screening services, vocational medical checkups, travel health services, house calls, radiological and laboratory services. Our growing chain of family medicine clinics are conveniently located in the communities or in major housing estates.

We remain dedicated to continuously provide high quality healthcare services through our established chains under the brand names of Healthway, Silver Cross and Peace to meet the medical needs of our patients.

Dentistry

Our team of highly experienced dentists provide a wide range of general and specialist dental services, through our dentistry group of Healthway Dental, Aaron Dental, Universal Dental, Popular Dental and NeuGlow Dental clinics throughout Singapore.

Each of our dental clinics is positioned to provide a spectrum of dental services including restorative dentistry and cosmetic dentistry, at affordable and competitive prices.

HEALTHCARE BENEFITS MANAGEMENT

Healthcare Benefits Management leverages on the strengths of our network of clinics and in-house IT systems to offer the most desirable solutions for our clients to better manage their corporate healthcare executions. Our corporate healthcare packages have benefited many of our clients in today's challenging environment, which include several large corporations and insurers.

Ms Makio taking blood pressure for a patient at Healthway Japanese Medical Centre, TripleOne Somerset, Singapore

SPECIALIST AND WELLNESS DIVISION

Operating from a centralised platform, the Group is able to leverage on patients and resources among each of our medical specialty groups. This enables us to serve an increasing number of patients and develop more specialist services and facilities to meet the rising healthcare needs of our patients.

Paediatrics

We are one of the largest private provider of paediatric medical services in Singapore comprising of leading paediatric chains - SBCC Baby & Child Clinic (formerly Singapore Baby & Child Clinic) and Thomson Paediatric Centre. We provide greater convenience to parents and our young patients with our clinics located ideally within major private hospitals and major residential estates.

Our paediatricians specialise in many sub-specialty areas such as cardiology, neurology, asthma, allergy, gastroenterology, growth, immunology and rheumatology.

Through our participation in the Baby Bonus Scheme with Oversea-Chinese Banking Corporation Limited, we are also able to provide an easy and alternative means of payment for parents.

Child Development

Our team of qualified specialists and therapists are able to accurately assess individual child's needs as we believe that it is essential to start off with good care from an early age.

We offer a complete and comprehensive assessment for paediatric neurology, including specialised evaluations and interventions for children with special developmental needs at our Child Development Centre.

Obstetrics & Gynaecology

SBCC Women's Clinics provide a comprehensive range of services including general gynaecology services, general obstetrics care, well-women screening packages, antenatal/ pregnancy packages and pre-marital screening packages. Our clinics are located in the high density residential estates of Clementi and Ang Mo Kio, to deliver premier and holistic care to a greater reach of patients.

Our team of dedicated specialists, together with the latest in medical technology, aims to bring first-class and personalised medical care catered to the wellness of women of all ages at affordable prices.

Orthopaedics

Island Orthopaedic Group is a leading orthopaedic chain under our Group, with a team of senior orthopaedic and physicians who are reputable in the fields of orthopaedic and sports medicine. Our orthopaedic clinics are located in most of the major private hospitals in Singapore. Our specialists' combined expertise provides a wide spectrum of orthopaedic and trauma services, such as knee/hip replacements, sports medicine/surgery, spine surgery and minimally invasive orthopaedic procedures.

Medical Aesthetics and Wellness

NeuGlow has been providing high quality treatment to patients for more than 10 years in the field of medical aesthetics and wellness. NeuGlow clinics are well-equipped with facilities and machines required for extensive treatments tailored to reach out to each and every individual's needs. We aim to deliver maximum benefits and minimum discomfort to our patients throughout the face, skin or body during the treatment process.

DIVISION UNDER MANAGEMENT

We also actively engage and manage specialists clinics in several practices namely cardiology, ear, nose & throat, ophthalmology, chest & internal medicine, general surgery, specialist dentistry and psychiatry.

Cardiology

At the Nobel Heart Centre located at Mount Alvernia hospital, we aim to provide holistic, cost effective and accountable services in cardiovascular disease prevention, diagnosis and treatment to our patients.

In addition, Nobel Heart Centre is supported by a fully equipped cardiovascular laboratory and highly trained staff to perform elective and emergency angiogram, angioplasty and stent implantation.

Ear, Nose & Throat, Head & Neck and Thyroid

Nobel Ear, Nose & Throat and the Nobel Head & Neck and Thyroid Surgery Centre, is conveniently located within Gleneagles Medical Centre.

Our Nobel Centres are fully committed to providing patient-centric services. Our diagnostic and therapeutic equipment fully equip us to handle and treat a full range of common ear, nose & throat, and head & neck conditions faced by patients of all ages, including complex head and neck surgeries. It is also fully equipped to provide sleep studies and allergy testing.

Ophthalmology

At Nobel Eye and Vision Centre, we are committed to providing high quality specialist eye check-up with a range of stringent processes to ensure high levels of safety and excellent results. Our centre also educates patients on preventive eye care as many eye diseases have the best visual outcomes with early detection and treatment.

Our centre is centrally located at Mount Alvernia Medical Centre with a satellite screening centre at TripleOne Somerset.

Chest & Internal Medicine

Nobel Chest & Internal Medicine Centre at Mount Alvernia Medical Centre aims to provide care to our patients in the prevention, diagnosis, investigation and treatment of respiratory and general medical conditions.

General Surgery

Nobel Surgery Centre, conveniently situated at Mount Alvernia Medical Centre delivers accessible and affordable general surgery services including gastrointestinal, laparoscopic and colorectal surgery.

Nobel Surgery Centre has taken on the important mission to implement various programs to support the prevention of colon cancer, the most common killer cancer in Singapore.

Specialist Dentistry

We offer specialist and aesthetic dentistry services such as orthodontics, crowns and bridges, veneers, whitening as well as prosthodontic dentistry, covering services like implants, at Neuglow Dental, which is conveniently located in TripleOne Somerset.

Psychological Wellness

The Group's specialist field of psychiatry enhances our service repertoire through our two psychological wellness clinics located at Novena Medical Centre and within a major housing community in Ang Mo Kio.

Our experienced psychiatrists in Nobel Psychological Wellness Clinic aim to provide quality, accessible, and cost-effective psychological and psychiatric services to our patients and our clinics are specifically designed in an optimally conducive environment that will enhance and provide comfort to one's mental health.

We also provide staff welfare packages to corporate companies interested in improving the mental health of their workplace as well as packages that support various government initiatives and agencies.

Dr Ian Ong, a paediatrician, attending to a patient at SBCC Baby & Child Clinic, Blk 721, Ang Mo Kio Ave 8 Singapore

CHAIRMAN'S MESSAGE

Dear Shareholders,

YEAR IN REVIEW

2014 was a good year for the Group as we continue to improve the Group's revenue. Revenue improved to S$85.7 million for the financial year ended 31 December 2014 ("FY2014"), a 6.3% improvement from the financial year ended 31 December 2013 ("FY2013"). The increase was mainly due to increase in revenue of S$7.5 million from the Specialist and Wellness Division as patient case load improved.

Net profit after tax in FY2014 was S$9.8 million as compared to S$30.6 million in FY2013, largely due to the one-time gain on disposal of available-for-sale financial assets of S$43.3 million in FY2013.

ALWAYS CARING, ALWAYS PERSONAL

Throughout our 25 years of providing care to our patients, we abide by our core value – "Always Caring, Always Personal". Healthway will continue to improve patient care through professional clinical care and better service standards. As always, our professional caregivers are highly dedicated to the care of our patients, and this will always be the hallmark of Healthway.

REACHING OUT TO PATIENTS

The Group remains one of the largest outpatient service providers in Singapore. Our network of clinics offer quality healthcare services in family medicine, dental, orthopaedics and paediatrics, amongst other specialties.

We will continue to serve our corporate clients and care for the patients through our very integrated approach in our network. We tailor our care programme closely to meet the patients in the different industry profile: Building and Construction, Marine, Oil and Gas, Financial and Banking, Manufacturing and Small to Medium Corporations. We will also strive to ensure patient care are affordable with good outcomes.

We have reached out to work closely with public healthcare systems to increase our patient outreach. As more Singaporeans benefit from government schemes such as CHAS, Pioneer Generation Package and Baby Bonus programmes, more of our patients will be able to enjoy a wider range of our services at more affordable rates.

MORE COMPREHENSIVE CARE

We will continue with our plan for more joint services within our clinics and our patients can enjoy better care with greater convenience.

> The Group is positive about 2015 and are implementing plans to continue expanding our outpatient healthcare network within Singapore. As we evolve into a better integrated healthcare provider, we seek to improve our outreach to more patients and clients, investing in plans to deliver more comprehensive and affordable care and provide better care and greater convenience through making our core values the heart for our professional care-givers.

Our plan for joint services within a clinic with family medicine and dental services is making good progress. The Group currently has 6 joint clinics and these medical centers are well-located within the community. We will continue to expand this comprehensive care to patients in the community.

We are further expanding our therapies care in the area of child development, physio and mental health and will seek to extend and integrate these services within the medical centers in the community.

LOOKING FORWARD

The Group is positive about 2015 and are implementing plans to continue expanding our outpatient healthcare network within Singapore. As we evolve into a better integrated healthcare provider, we seek to improve our outreach to more patients and clients, investing in plans to deliver more comprehensive and affordable care and provide better care and greater convenience through making our core values the heart for our professional caregivers.

We continue to work with our doctors and caregivers to enhance clinical standards and patient touch-points. With the rising demand for better quality care from increasingly well informed patients, the Group is well-placed for further growth.

APPRECIATION

We are grateful to our doctors and healthcare professionals for their commitment, dedication and compassion to each and every one of our patients. I thank all my fellow directors for their guidance over the past years. And on behalf of the Board and management, we would like to thank all our business partners, shareholders and bankers for their continued support for the Group.

Mr Fan Kow Hin
Executive Chairman

PRESIDENT'S MESSAGE

In FY2014, we have achieved revenue growth of 6.3% from FY2013, through expanding our network of clinics and doctors. The growth of the Specialist and Wellness Division outpaces that of the Primary Healthcare Division.

Our performance has improved pursuant to the various business programmes implemented to boost patients load, growth, doctors' engagement, cost improvement and productivity.

PRIMARY HEALTHCARE DIVISION

In FY2014, the Primary Healthcare Division accounted for 54% of the Group revenue, compared to 60.5% in FY2013.

GOVERNMENT SUBSIDIES

With CHAS, we have experienced an increase in patient load in all of our clinics. The Pioneer Generation Package (PG) introduced in September 2014 to recognise the contributions of the pioneer generation has resulted in additional increase in patient load. The PG is applicable for Singaporean above 65 years old. With our wide network of easily accessible clinics well distributed throughout the island, the Group is well positioned to serve the CHAS and PG patients.

INTEGRATING OUR SERVICE

In 2013, we set up our first one-stop service clinic with GP and Dental practices co-located in Bukit Panjang. The Group has added an additional of 5 joint clinics. This will benefit our patients as they can access our clinics and services more conveniently. To further improve patient care, more clinics will be added in convenient accessible locations.

SPECIALIST AND WELLNESS DIVISION

The Specialist and Wellness Division accounted for 45.7% of our Group's revenue in FY2014, compared to 39.5% in FY2013.

The Group opened its first paediatrics clinic at Paragon Medical Centre, Orchard Road with patient case load tracking well. The Hougang SBCC clinic opened in 2013 is able to fulfil the needs of our patients, as evidenced by the good improvement of patient flow. We will continue to expand into the community heartland to better serve our patients with convenience by locating closer to their homes.

Efforts are directed to raising awareness of our healthcare programmes for common childhood ailments, as well as specialised services available at all the private hospitals. These also serve to increase awareness of the availability of

> In FY2014, we have achieved revenue growth of 6.3% from FY2013, through expanding our network of clinics and doctors. The growth of the Specialist and Wellness Division outpaces that of the Primary Healthcare Division.

vaccinations package that we offer, which is an important aspect of children healthcare.

The Obstetrics and Gynaecology ("O&G") clinics have increased revenue by 29.2% in FY2014.

We are able to provide more comprehensive services for the Group Child Development Centre (CDC) at Novena Medical Centre with an expanding pool of therapist professionals. The CDC at Novena Medical Centre provides assessment and development interventions for children with learning disability and development disorders.

ADULT SPECIALISTS

The hiring of new orthopaedic doctors to meet the rapidly expanding patient case loads has spurred revenue growth for our Orthopaedic Clinics. We have also widen our range of services to patients that do not required surgical procedures such as physiotherapy. Most of such injuries for these patients are incurred through sporting events, a key pastime for the majority of Singaporeans.

CLINICAL RESOURCES

We are developing more productivity programmes by tapping onto technology advancements and processes improvement to improve patient care, productivity and innovation to enhance patient experience. We have focused quite relentlessly in process improvement and operational efficiency.

With the Group's core values of "Always caring, Always personal", our team of doctors, nurses and healthcare professionals are better trained in the care of patients through the provision of integrated medical services and patient touch point. We are starting to see the fruits of such initiatives but much more remain to be done to integrate our primary, specialist and wellness services seamlessly.

Mr Yeow Ming Ying
President, Medical Services Singapore and Executive Director

BOARD OF **DIRECTORS**

Mr Fan Kow Hin
Executive Chairman

Mr Fan was appointed as the Executive Chairman on 16 May 2007 and was last re-elected on 29 April 2014.

Mr Fan is responsible for providing the strategic direction and leadership to the Board.

Mr Fan spent many years leading DBS Land in its investment, strategic planning, new businesses development and overseas expansion. He was an Executive Committee member of DBS Land and had served on a number of listed corporate Boards in the region, including hospitality companies (Raffles Holding and The Ascotts), property companies (Australand and United Malayan Land) and healthcare (Parkway Group, now known as IHH Healthcare).

Prior to that, Mr Fan was with Fraser & Neave (F&N) group where he held senior management positions in Accounting and Finance, Sales Management, Marketing and General Management.

Mr Fan holds a Bachelor of Commerce & Administration (BCA) from the Victoria University of Wellington, New Zealand.

Mr Yeow Ming Ying
President, Medical Services Singapore and Executive Director

Mr Yeow was appointed as the Executive Director on 10 March 2014 and was last re-elected on 29 April 2014.

Mr Yeow is also currently the President, Medical Services Singapore, responsible for overseeing the medical practice groups of the Primary Healthcare, Specialist Healthcare and Wellness divisions in Singapore. Prior to his promotion to President, Medical Services Singapore, he was the General Manager from June 2012 to December 2012.

Before joining the Group, Mr Yeow held various senior management positions with several companies such as EC1 Pte Ltd (A joint venture company by General Electric, USA & Singapore Computer Systems), Informatics Holdings Limited and Pacific Century Corporate Access. In addition, Mr Yeow spent many years with GE (General Electric, USA). He brings with him good management and sales and marketing experiences across the Asia Pacific region.

Mr Yeow holds a Master of Business Administration from Brunel University.

Ms Kuek Chiew Hia
Independent Director

Ms Kuek has served on the Board since April 2008 and was last re-elected on 29 April 2014. She has extensive experience in the area of human resources with multi-national corporations, publicly-listed and private companies.

Ms Kuek was the Human Resource Director (Asia Pacific) of Avid Technology Inc. from 1997 to 1998. She joined Citibank N.A. in 1998 as its Human Resource Director (Asia Pacific Operations & Technology) and later moved to Standard Chartered Bank as its Global Head of Organisation Effectiveness (Wholesale Bank). From 2005 to 2007, Ms Kuek was Group Human Resource Director of Asia Pacific Breweries Ltd.

Ms Kuek holds a Bachelor's degree in Business Administration (Distinction) from the Royal Melbourne Institute of Technology.

Mr Pee Tong Lim
Independent Director

Mr Pee was appointed as an Independent Director on 28 May 2012 and was last re-elected on 30 April 2013.

Mr Pee started his career in 1973 when he joined Asian International Merchant Bank Berhad, a merchant bank in Kuala Lumpur, Malaysia.

In 1981, Mr Pee moved to Singapore to join CT Management Pte. Ltd., an in-house management company of a local company that has plantations and development interests in Malaysia. He played a major role in the listing of its two units in the then Kuala Lumpur Stock Exchange, i.e. Granite Industries Berhad and United Malayan Land Berhad.

In 1995, Mr Pee was appointed to the Board of United Malayan Land Berhad where he remained on the Board until 2005. He also held the position of Senior General Manager of the Corporate Division until 2000.

In 2000, Mr Pee joined Yeo Hiap Seng Limited as Vice President of Corporate Development and later moved to the Far East Organisation where he held various positions, the last being Deputy Director of Industrial Properties in the Marketing and Business Development Division.

In 2005, Mr Pee was appointed as the Director of Finance and Corporate Development in United Malayan Land Berhad; and in 2009 served as its Group Chief Executive Officer until February 2012.

Mr Pee holds a Bachelor of Accountancy Degree from the then University of Singapore.

Syed Abu Bakar bin S Mohsin Almohdzar
Independent Director

Mr Syed Abu Bakar was appointed as an Independent Director on 28 May 2012 and was last re-elected on 30 April 2013.

Mr Syed has held various senior positions in public listed companies in Malaysia. From 1996 to 2004, Mr Syed was the Managing Director of Tradewinds (M) Berhad, a conglomerate which owns the second largest sugar refining plant and the fifth largest oil palm plantation in Malaysia. During his tenure as the Managing Director of Tradewinds (M) Berhad, Mr Syed also held the position of Executive Vice President of Tradewinds Corporation Berhad, the parent company of Tradewinds (M) Berhad, which owns and operates hotels, township property development, construction, engineering and owner of choice commercial and residential properties in Malaysia and overseas.

Currently, Mr Syed is an Independent Non-Executive Director of Gas Malaysia Berhad listed on the Main Market of Bursa Malaysia Securities Berhad. Mr Syed is also an Independent Non-Executive Director of Allied Hotels and Properties Inc which owns and operates hotels in Canada, and King George Finance Inc which is engaged in property development in Canada, both of which are listed on the Toronto Stock Exchange. He is currently the Managing Director of the World Islamic Economic Forum Foundation which organizes Economic and Business Forum worldwide.

Mr Syed is a Fellow of the Association of Chartered Certified Accountants (UK) and a member of the Malaysian Institute of Accountants.

Sonny Yuen Chee Choong
Independent Director

Mr Yuen was appointed as an Independent Director on 10 March 2014 and was last re-elected on 29 April 2014.

Mr Yuen started his career with EuroCopter SEA in 1985. He was with Sumitomo Bakelite Singapore Pte. Ltd. since 1989 and was appointed as General Manager from 1995 to 2004. He later moved on to Libra 2002 Pte. Ltd. where he was appointed as Director until 2006. From 2006 to 2007, Mr Yuen joined Executive Network International Pte Ltd as Senior Consultant.

Currently, Mr Yuen is the Managing Director of JonDavidson Pte. Ltd. and is also a Director of Asia Pacific Pathfinder Pte Ltd.

Mr Yuen holds a BBA degree from National University of Singapore. He also holds a Master of Business Administration from University of Hull, United Kingdom.

He is very active in community service, currently serving as the President of NUS Business School Alumni Association and is also the Founding President of Raffles Hall Association.

SENIOR MANAGEMENT

Mr Yeow Ming Ying
(President, Medical Services Singapore and Executive Director)

Mr Kelvin Chen
(Head of Medical Specialties & New Media)

Mr Chin Wai Heng
(Financial Controller)

Dr Bernard Cheong
(Head of Medical Affairs, Primary Care Division)

Mr Alvin Lew
(Head of Dental Services)

Mr Kyaw Kyaw Thein
(Head of Shared Services)

ADVISORY & CLINICAL LEADERS

Dr Philip Koh
(Chairman, Medical Board)

Dr Wong Chin Khoon
(Medical Director, Paediatric Practice)

Dr Marcus Tan
(Medical Director, Specialist Practice)

Dr Ooi Lai Hock
(Medical Director, Orthopaedic Practice)

Dr Gerard Tan
(Medical Director, NeuGlow Aesthetics)

Dr Koh Tieh Leong
(Clinical Director, Dental)

Ms Frances Yeo
(Principal, Child Development Centre)

Dr Tregon Singh Randhawa
(Health Screening)

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Fan Kow Hin
(Executive Chairman)

Yeow Ming Ying
(President, Medical Services Singapore and Executive Director)

Kuek Chiew Hia
(Independent Director)

Pee Tong Lim
(Independent Director)

Syed Abu Bakar bin S Mohsin Almohdzar
(Independent Director)

Sonny Yuen Chee Choong
(Independent Director)

AUDIT COMMITTEE
Pee Tong Lim
(Chairman)
Kuek Chiew Hia
Syed Abu Bakar bin S Mohsin Almohdzar
Sonny Yuen Chee Choong

NOMINATING COMMITTEE
Pee Tong Lim
(Chairman)
Fan Kow Hin
Kuek Chiew Hia
Sonny Yuen Chee Choong

REMUNERATION COMMITTEE
Kuek Chiew Hia
(Chairman)
Pee Tong Lim
Syed Abu Bakar bin S Mohsin Almohdzar

EXECUTIVE COMMITTEE
Fan Kow Hin
(Chairman)
Pee Tong Lim
Syed Abu Bakar bin S Mohsin Almohdzar

COMPANY SECRETARIES
Wee Woon Hong
Lee Hock Heng

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Singapore 048623
Tel: (65) 6536 5355

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

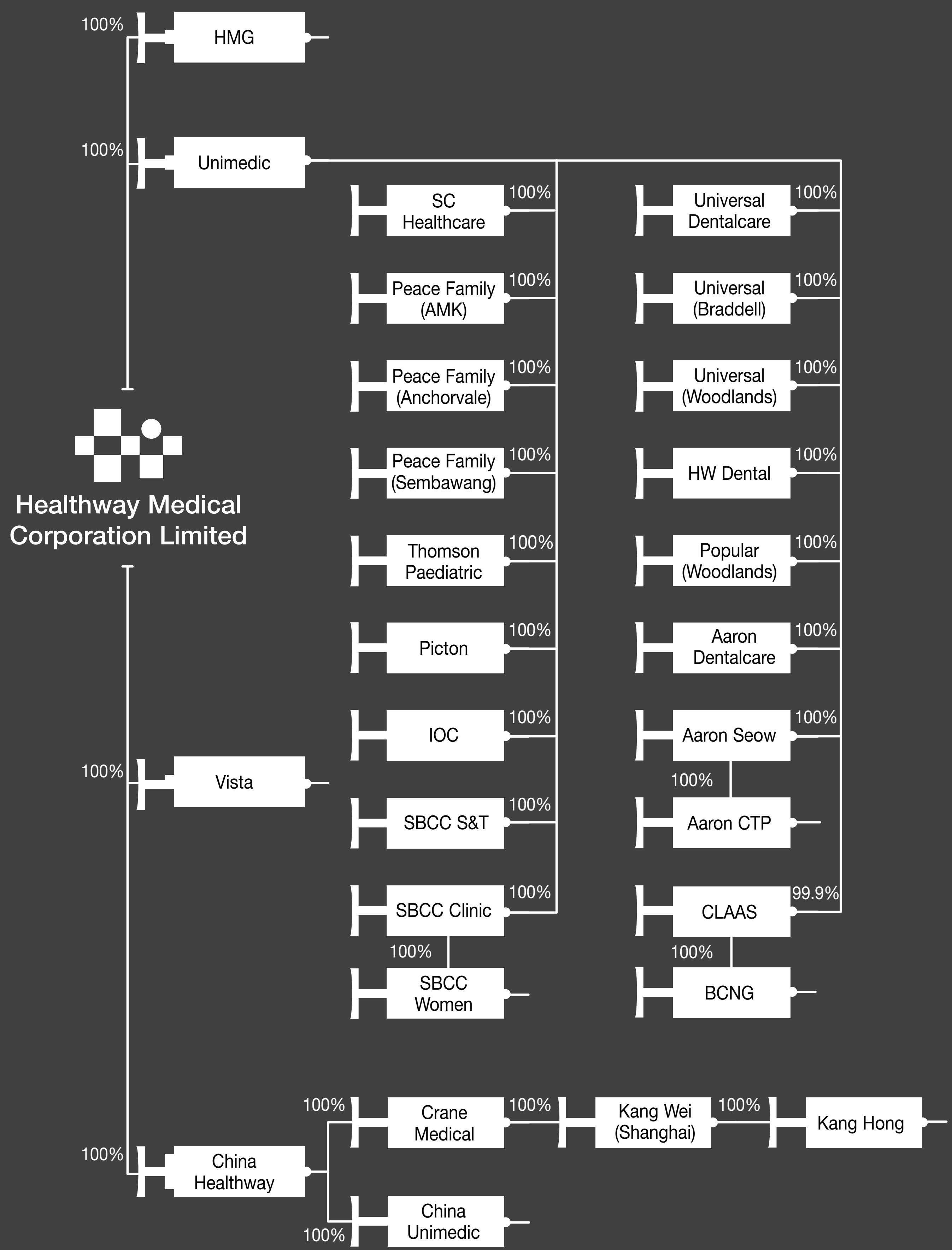
AUDITORS
PricewaterhouseCoopers LLP
Certified Public Accountants
8 Cross Street
#17-00 PWC Building
Singapore 048242
Partner-in-charge: Tham Tuck Seng
Date of Appointment: 3 August 2012

PRINCIPAL BANKERS
DBS Bank Limited
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

Australia and New Zealand Banking Group Ltd
10 Collyer Quay
Ocean Financial Centre
Singapore 049315

OUR GROUP STRUCTURE
as at report date



GROUP STRUCTURE DEFINITIONS

"Aaron CTP"	:	Aaron CTP Dental Surgery Pte. Ltd.
"Aaron Dentalcare"	:	Aaron Dentalcare Pte. Ltd.
"Aaron Seow"	:	Aaron Seow International Pte Ltd
"BCNG"	:	BCNG Holdings Pte. Ltd.
"China Healthway"	:	China Healthway Pte. Ltd.
"China Unimedic"	:	China Unimedic Pte. Ltd.
"CLAAS"	:	CLAAS Medical Centre Pte. Ltd.
"Crane Medical"	:	Crane Medical Pte. Ltd.
"HW Dental"	:	Healthway Dental Pte. Ltd.
"HMG"	:	Healthway Medical Group Pte Ltd
"IOC"	:	Island Orthopaedic Consultants Pte Ltd
"Kang Wei (Shanghai)"	:	Kang Wei Investment Consultancy (Shanghai) Co., Ltd
"Kang Hong"	:	Kang Hong (Shanghai) Medical Equipment Lease Co., Ltd
"Peace Family (AMK)"	:	Peace Family Clinic and Surgery (AMK) Pte. Ltd.
"Peace Family (Anchorvale)"	:	Peace Family Clinic and Surgery (Anchorvale) Pte. Ltd.
"Peace Family (Sembawang)"	:	Peace Family Clinic and Surgery (Sembawang) Pte. Ltd.
"Picton"	:	Picton Medical Centre Pte. Ltd.
"Popular (Woodlands)"	:	Popular Dental (Woodlands) Pte. Ltd.
"SBCC Clinic"	:	SBCC Clinic Pte Ltd
"SBCC S&T"	:	SBCC Services & Trading Pte Ltd
"SBCC Women"	:	SBCC Women's Clinic Pte. Ltd.
"SC Healthcare"	:	Silver Cross Healthcare Pte Ltd
"Thomson Paediatric"	:	Thomson Paediatric Clinic Pte Ltd
"Unimedic"	:	Unimedic Pte. Ltd.
"Universal Dentalcare"	:	Universal Dentalcare Pte Ltd
"Universal (Braddell)"	:	Universal Dental Group (Braddell) Pte. Ltd.
"Universal (Woodlands)"	:	Universal Dental Group (Woodlands) Pte. Ltd.
"Vista"	:	Vista Medicare Pte. Ltd.

The Board of Directors (the 'Board" or the "Directors") of Healthway Medical Corporation Limited ("HMC" or the "Company" and together with its subsidiaries, the "Group") is committed to maintaining a high standard of corporate governance to ensure greater transparency and to protect the interests of the Company's shareholders (the "Shareholders").

The Company has put in place various policies and practices that will safeguard the interests of Shareholders and enhance Shareholders' value as part of its effort to maintain high standards of corporate governance. This report describes the corporate governance practices and procedures adopted by the Company with specific reference to the Code of Corporate Governance 2012 (the "Code") prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST"). References to the principles of the Code are listed below. The Company has complied with the principles of the Code where appropriate and deviations from the Code have been explained.

Principle 1 : The Board's Conduct of its Affairs

The Company is headed by an effective Board to lead and control the Company.

As at the date of this report, the Board comprises the following members:-

Fan Kow Hin (Executive Chairman)
Yeow Ming Ying (President, Medical Services Singapore and Executive Director)
Kuek Chiew Hia (Independent Director)
Pee Tong Lim (Independent Director)
Sonny Yuen Chee Choong (Independent Director)
Syed Abu Bakar bin S Mohsin Almohdzar (Independent Director)

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group.

Matters which specifically require the Board's decision or approval are those involving:-

– corporate strategy and business plans;

– investment and divestment proposals;

– funding decisions of the Group;

– nominations of Directors for appointment to the Board and appointment of key personnel;

– announcement of quarterly, half year and full year results, annual report and accounts;

– material acquisitions and disposal of assets; and

– all matters of strategic importance.

All other matters are delegated to Board committees whose actions are monitored and endorsed by the Board. These Board committees include the Audit Committee (the "AC"), the Nominating Committee (the "NC"), the Remuneration Committee (the "RC") and the Executive Committee (the "EC"), all of which operate within clearly defined terms of reference and functional procedures.

To get a better understanding of the Group's business, the Company adopts a policy whereby the Directors are encouraged to request for further explanations, briefings or informal discussion on the Company's operations or business with the management of the Company (the "Management").

The Board conducts scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Company's Articles of Association (the "Articles") provide for Board meetings by means of teleconference. The attendance of the Directors at meetings of the Board and Board committees, and the frequency of these meetings for the financial year ended 31 December 2014 ("FY2014") are disclosed as follows:-

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee		Executive Committee	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Fan Kow Hin	4	4	–	–	1	1	–	–	1	–
Kuek Chiew Hia	4	4	6	6	1	1	1	1	–	–
Pee Tong Lim	4	4	6	6	1	1	1	1	1	1
Syed Abu Bakar bin S Mohsin Almohdzar	4	2	6	4	–	–	1	1	1	1
Yeow Ming Ying[1]	3	3	–	–	–	–	–	–	–	–
Sonny Yuen Chee Choong[2]	3	3	4	3	–	–	–	–	–	–

Notes:

1 Appointed as Executive Director on 10 March 2014

2 Appointed as Independent Director on 10 March 2014

Executive Committee

The Board has delegated the EC with the following functions:-

– to provide overall strategic direction to the Board and to guide development policies and strategies for the Group;

– to review and approve business transactions recommended by the President and the Executive Directors of the Group subject to a limit per transaction;

– to review major business transactions for the Board's approval, wherever required;

– to review and monitor the financial performance and progress of the Group; and

– to oversee specific matters and/or projects as delegated by the Board from time to time.

The EC currently comprises Mr Fan Kow Hin (who is the Chairman of the EC), Mr Pee Tong Lim and Mr Syed Abu Bakar bin S Mohsin Almohdzar.

Newly-appointed Directors undergo an orientation program with materials provided to help them get familiarised with the business and organisation structure of the Group. To get a better understanding of the Group's business, the Directors are also given the opportunity to visit the Group's operational facilities and meet with the Management.

The Board as a whole is updated quarterly during the Board and AC meetings on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board committee members. For first time directors, the Company will arrange relevant training courses for them to familiarise with the duties and responsibilities as a director of a listed company. The Company also encourages directors to attend training courses organised by the Singapore Institute of Directors or other training institutions in connection with their duties as directors. In FY2014, Mr Yeow Ming Ying and Mr Sonny Yuen Chee Choong had attended Listed Company Director courses conducted by the Singapore Institute of Directors to familiarise themselves with the roles and responsibilities of a director of a listed company.

Principle 2 : Board Composition and Guidance

The Board currently has six (6) Directors, comprising four (4) Independent Directors and two (2) Executive Directors. Information regarding each Board member is provided under the Board of Directors section set out on pages 12 and 13 of this Annual Report.

The independence of each Director is reviewed annually by the NC. The NC adopts the definition in the Code as to what constitutes an independent director in its review to ensure that there is a strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

The NC is of the view that Mr Sonny Yuen Chee Choong, Mr Pee Tong Lim, Mr Syed Abu Bakar bin S Mohsin Almohdzar and Ms Kuek Chiew Hia are independent. As more than half of the Board is independent, the requirement of the Code that at least half of the Board comprises Independent Directors where the Chairman is part of the management and is not an independent director is satisfied. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs.

The Board, through the NC, has examined its structure, size and composition and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The Board and the Board Committees comprise Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience. Hence, the NC is of the view that the current Board and Board Committees comprise persons who as a group provide capabilities required for the Board and Board Committees to be effective.

Principle 3: Role of Chairman and Chief Executive Officer

Mr Fan Kow Hin is the Executive Chairman while Mr Yeow Ming Ying is the President, Medical Services ("President") of the Company in Singapore and Executive Director. Mr Yeow Ming Ying assumes the role similar to that of a Chief Executive Officer and bears overall daily operational responsibility for the Group's business. The Chairman and the President are not related to each other. There is a clear division of responsibilities between the Chairman and the President, which ensures there is a balance of power and authority at the top of the Group.

The Chairman is responsible for the formulation of the Group's strategic direction, ensures that Board meetings are held when necessary and sets the Board agenda. The Chairman ensures that all Board members are provided with complete, adequate and timely information. As a rule, the Board papers are sent to the Directors in advance for Directors to be adequately prepared for the meetings.

Mr Yeow Ming Ying oversees the medical practice groups of the Primary Healthcare, Specialist & Wellness Healthcare divisions in Singapore.

Taking into account the current corporate structure and the scope of the Company's operations, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence.

The Board concurs with the NC that as the size of the Board is relatively small with only 6 members of whom more than half are Independent Directors, there would not be a need for a Lead Independent Director. The Independent Directors collectively are and have been available to shareholders as a channel of communication between shareholders and the Board or Management. The Independent Directors meet or communicate periodically without the presence of the other Directors and collectively provide feedback to the Chairman as matters arising from such meetings.

Principle 4 : Board Membership

The NC currently comprises four (4) Directors, namely Mr Pee Tong Lim, Ms Kuek Chiew Hia, Mr Sonny Yuen Chee Choong (all of whom are Independent Non-Executive Directors) and Mr Fan Kow Hin. The Chairman of the NC is Mr Pee Tong Lim. The NC has written terms of reference that describe the responsibilities of its members.

The principal functions of the NC are as follows:-

– to review and recommend the nomination or re-nomination of the Directors having regard to the Director's contribution and performance;

– to set criteria for identifying candidates and reviewing nominations for the appointments referred to above;

– to determine on an annual basis whether or not a Director is independent;

– to make plans for succession, in particular for the Chairman of the Board and Chief Executive Officer; and

– to assess the overall performance of the Board and contribution of each Director to the effectiveness of the Board.

In the nomination and selection process, the NC identifies the candidates and reviews the nominations for the appointments based on the following criteria:-

(i) at least half of directors shall be independent directors; and

(ii) the candidate shall be a fit and proper person to hold such office, and the most qualified candidate nominated for the office, taking into account the candidate's track record, age, experience, capabilities and other relevant factors.

Each member of the NC shall abstain from voting on any recommendation and/or participating in respect of matters in which he has an interest.

When an existing director chooses to retire or the need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as a new director. Candidates may be suggested by directors or management or sourced from external sources. The NC will interview the shortlisted candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision making track record, relevant experience and financial literacy. The NC then nominates the most suitable candidate to the Board for approval. Upon appointment by the Board, the candidate will stand for re-election at the next Annual General Meeting ("AGM") of the Company.

The NC meets at least once a year. Under Article 98 of the Company's Articles, one third (1/3) of the Board is to retire by rotation and subject themselves for re-election by shareholders at every AGM. The NC will assess and evaluate whether Directors retiring at each AGM are properly qualified for reappointment by virtue of their skills, experience and contributions. The NC recommended to the Board that Mr Pee Tong Lim and Mr Syed Abu Bakar bin S Mohsin Almohdzar be nominated for re-election at the forthcoming AGM. In making the recommendations, the NC had considered the Director's overall contributions and performance.

Mr Pee Tong Lim will, upon re-election as Director of the Company, remain as the Chairman of the AC and NC and a member of the RC. Mr Syed Abu Bakar bin S Mohsin Almohdzar will, upon re-election as a Director of the Company, remain as the member of the AC and RC. Mr Pee Tong Lim and Mr Syed Abu Bakar bin S Mohsin Almohdzar will be considered independent for the purposes of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of Singapore Exchange Securities Trading Limited.

There is only one Director who has multiple listed company board representations. The Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. The Board is of the view that the assessment of whether each Director is able to devote sufficient time to discharge his or her duties should not be restricted to the number of board representation. Holistically, the contributions by the Directors during the meetings and attendance at such meeting should also be taken into consideration. As such, the Board does not propose to set the maximum number of listed company board representations which directors may hold until such need arises. The NC would continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

The dates of appointment, last re-election and directorships of the Directors in other listed companies are set out below:

Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies	
			Present	Last Three Years
Fan Kow Hin	16 May 2007	29 April 2014	Nil	Nil
Yeow Ming Ying	10 March 2014	29 April 2014	Nil	Nil
Kuek Chiew Hia	3 April 2008	29 April 2014	Nil	Nil
Pee Tong Lim	28 May 2012	30 April 2013	Nil	Nil
Syed Abu Bakar bin S Mohsin Almohdzar	28 May 2012	30 April 2013	Gas Malaysia Berhad Allied Hotels and Properties Inc King George Financial Inc.	Padiberas Nasional Berhad
Sonny Yuen Chee Choong	10 March 2014	29 April 2014	Nil	Nil

Further details of the Directors, including their principal commitments, are provided under the Board of Directors section set out on pages 12 and 13 of the Annual Report.

Principle 5 : Board Performance

The NC decides on how the Board's and its Board Committees' performance and individual Directors' contributions are to be evaluated and to propose objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the board committees, and for assessing the contribution from each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

In evaluating the Board's and its Board Committees' performance, the NC considers a set of quantitative and qualitative performance criteria that has been approved by the Board. The performance criteria for the Board evaluation are in respect of:

a. Board size and composition;

b. Board information;

c. Board process and accountability;

d. Board committee performance in relation to discharging their responsibilities set out in the respective terms of reference; and

e. Standards of conduct.

The individual Director's performance criterion is in relation to the Director's:

a. Interactive skills;

b. Knowledge including industry or professional expertise, specialist or functional contribution and regional expertise;

c. Duties including attendance at meetings, meeting preparation, participation and performance of specific assignments; and

d. Conduct including maintenance of independence, disclosure of related party transactions and compliance with company policies.

During the financial year, all Directors completed a board evaluation questionnaire designed to seek their view on various aspects of the Board's and Board Committees' performance as described above. All Directors also completed a Directors' Peer Evaluation and Self Assessment Questionnaire in relation to the assessment of individual director's contribution. The Chairman, in consultation with the NC, acted on the results of the performance evaluations. Where appropriate, the Chairman will propose new members be appointed to the Board or seek the resignation of Directors.

The NC has assessed the current Board's and Board Committees' performance to-date and individual Director's contributions, and is of the view that the performance of the Board as a whole, the Board Committees and individual Directors, was satisfactory.

Principle 6 : Access to Information

In order to ensure that the Board is able to fulfil its responsibilities, the Management provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Directors are furnished regularly with information from the Management about the Group as well as the relevant background information relating to the business to be discussed at the Board meetings. The Directors are also provided with the contact details of the senior management and the Company Secretaries to facilitate separate and independent access.

In furtherance of their duties, each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as a Director of the Company.

The Company Secretaries and/or his/her representatives attend all quarterly Board meetings. Together with the Management, the Company Secretaries are responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act (Chapter 50) of Singapore, and the provisions in the Listing Manual (Section B: Rules of Catalist) of the SGX-ST ("Rules of Catalist") are complied with. The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

Changes to regulations and accounting standards are closely monitored by the Management. The Directors are briefed either during Board and Board Committee meetings or by the Company Secretaries of these changes especially where these changes have an important bearing on the Directors' disclosure obligations.

Principle 7 : Procedures for Developing Remuneration Policies
Principle 8 : Level and Mix of Remuneration
Principle 9 : Disclosure on Remuneration

The RC currently comprises three (3) Independent Directors, namely Ms Kuek Chiew Hia, Mr Pee Tong Lim and Mr Syed Abu Bakar bin S Mohsin Almohdzar. The Chairman of the RC is Ms Kuek Chiew Hia. The RC has written terms of reference that describe the responsibilities of its members.

The RC's principal responsibilities are to review and recommend to the Board a framework of remuneration for the Directors and executive officers, and to determine specific remuneration packages for the Executive Chairman and each Executive Director. The RC should cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. The recommendations are submitted to the Board for endorsement.

Each member of the RC shall abstain from voting on any recommendation and/or participating in respect of matters in which he or she has an interest.

The Independent Directors do not have service agreements with the Company. They are paid fixed Directors' fees, which are determined by the Board, appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of the Independent Directors. The fees are subject to approval by Shareholders at the AGM. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company.

The Company had entered into service agreement with Mr Fan Kow Hin, Executive Chairman of the Company on 15 April 2008 ("Service Agreement") for a period of three (3) years. The Service Agreement with Mr Fan Kow Hin is subject to automatic renewal for three (3) year periods on such terms and conditions as may be agreed between Mr Fan Kow Hin and the Company. The Service Agreement with Mr Fan Kow Hin has been renewed for a further period of three (3) years from 15 April 2014 on the same terms and conditions. The Company had entered into a service agreement with Mr Yeow Ming Ying, Executive Director of the Company on 1 December 2012 for his appointment as President, Medical Services Singapore.

The review of the remuneration of the executive officers takes into consideration the performance and the contributions of the officers to the Company based on their distinct individual's job responsibilities and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully. The RC also has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises.

The Company adopts a remuneration policy that comprises a fixed as well as variable component. The fixed component is in the form of base salary and benefits while the variable component is in the form of performance bonus. There are no termination, retirement or any post-employment benefits to directors and key executive officers.

The Company does not have any employee share option scheme or other long-term employee incentive scheme.

The remuneration of each individual Director to the nearest thousand is not disclosed as the Board believes that the disclosure may be prejudicial to its business interests given the highly competitive healthcare business environment the Company operates in. The RC has reviewed the practice of the industry and considered the pros and cons of such disclosure.

The level and mix of the Directors' remuneration for FY2014 are set out below:

Name of Director	Fee# %	Salary %	Bonus %	Benefits* %	Total %
S$250,000 to $499,999					
Yeow Ming Ying	0	75	19	6	**100**
Below S$250,000					
Fan Kow Hin	0	66	5	29	**100**
Kuek Chiew Hia	100	0	0	0	**100**
Pee Tong Lim	100	0	0	0	**100**
Syed Abu Bakar bin S Mohsin Almohdzar	100	0	0	0	**100**
Sonny Yuen Chee Choong	100	0	0	0	**100**

Notes:-

These fees are subject to the approval of the shareholders at the forthcoming AGM

* Other benefits include mainly employers' contributions to the Central Provident Fund and transport allowances.

Annual remuneration of top 5 key executives who are not Directors in remuneration bands of S$250,000 are set out below for FY2014.

	Number of employees
S$250,000 to S$499,999	1
Below S$250,000	4

The Code recommends that the name and the remuneration of at least the top five (5) key executives who are not also Directors be disclosed within the bands of S$250,000. However, the Board is of the opinion that the details of individual key executives and the total remuneration paid to them are confidential and full disclosure of such information would not be in the interest of the Company.

No employee of the Company and its subsidiaries was an immediate family member of a Director and whose remuneration exceeded S$50,000 in FY2014.

Principle 10 : Accountability

The announcements for the quarterly, half-year and full-year financial results are released via the SGXNET. All material information relating to the Company is disseminated via SGXNET.

The Board ensures that the Management maintains a sound system of internal controls to safeguard the Shareholders' investment and the Group's assets.

The Management will provide all members of the Board with management accounts of the Group's performance, with explanatory details on its operations on a quarterly basis. Board papers are given prior to each Board meeting to facilitate effective discussion and decision-making.

Principle 11 : Risk Management and Internal Controls

The Board believes that the system of internal controls maintained by the Management provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislations, regulations and best practices and the identification and management of business risks.

The Board has received assurance from the Executive Director, Mr Yeow Ming Ying and the Financial Controller, Mr Chin Wai Heng that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2014 give a true and fair view of the Company's operations and finances, and the Company's risk management and internal control systems were adequate and effective as at 31 December 2014 (the "Assurance").

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and external auditors in the course of their statutory audit, reviews performed by the management and various Board Committees and the Assurance received, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing the financial, operational, compliance and information technology controls risks, and risk management systems of the Company were adequate and effective as at 31 December 2014.

The Board and the AC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Company's internal controls system.

Principle 12 : Audit Committee

The AC, which has written terms of reference clearly setting out its authority and duties, is currently made up of four (4) Independent Directors, namely Mr Pee Tong Lim, Mr Syed Abu Bakar bin S Mohsin Almohdzar, Mr Sonny Yuen Chee Choong and Ms Kuek Chiew Hia. The Chairman of the AC is Mr Pee Tong Lim. The Board is of the view that the AC has the necessary experience and expertise required to discharge its duties.

The AC schedules a minimum of four (4) meetings in each financial year. The meetings are held, *inter alia*, for the following purposes:-

– to review with the external auditors the audit plan, their evaluation of the system of accounting controls, their letter to the Management and the Management's response;

– to review the quarterly, half year and full year financial statements including balance sheet and profit and loss accounts, before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Rules of Catalist and any other relevant statutory or regulatory requirements;

– to review the internal control procedures and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and full year audits, and any matters which the external auditors may wish to discuss (in the absence of the Management, where necessary);

– to review the independence of the external auditors;

– to review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

– to consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the external auditors;

– to review interested person transactions (if any) falling within the scope of Chapter 9 of the Rules of Catalist;

– to undertake such other reviews and projects as may be requested by the Board, and to report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

– generally undertake such other functions and duties as may be required by statute or the Rules of Catalist, or by such amendments as may be made thereto from time to time.

The AC is also responsible for the review of the internal audit plans and the evaluation by the internal auditor of the Company's system of internal controls.

In addition, the AC is given the task to commission investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and to review the findings thereof.

The AC meets with the external and internal auditors, without the presence of Management, at least annually, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the auditors. The AC has reasonable resources to enable it to discharge its functions properly. The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the AC meetings.

Certain Singapore-incorporated subsidiaries of the Company were audited by different auditors as disclosed in Note 15 to the financial statements in this annual report. The Board and AC have considered this and are satisfied that the appointment of different auditing firms would not compromise the standard and effectiveness of the audit of the Company by the Company's auditor, PricewaterhouseCoopers LLP ("PwC") based on the adequacy of resources and experience of the other auditors. Therefore, Rule 712 and Rule 716 of the Rules of Catalist has been complied with by the Company.

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services during FY2014 are as follows:-

Audit fees	S$350,000
Non-audit fees	–
Total	S$350,000

The AC will review the independence of the external auditors annually. There was no non-audit service rendered by the external auditors for FY2014. Having reviewed PwC's independence and in the AC's opinion, PwC is suitable for re-appointment and the AC has accordingly recommended to the Board that PwC be nominated for re-appointment as auditors of the Company at the forthcoming AGM.

Whistle-blowing Policy

The AC has put in place a whistle-blowing Policy, whereby employees of the Group and external parties, which includes the Group's business associates, may in confidence, raise concerns about possible improper financial reporting or other matters to Mr Pee Tong Lim, the AC Chairman. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions. Reports of suspected fraud, corruption, dishonest practices or other similar matters can be lodged via email to Mr Pee Tong Lim, the AC Chairman at whistleblow@healthwaymedical.com.

Principle 13 : Internal Audit

The AC is aware of the need to establish a system of internal controls within the Group to safeguard Shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function. The Group has therefore appointed Messrs Yang Lee & Associates, a professional firm to undertake the functions of an internal auditor.

The scope of the internal audit is:-

– to review the effectiveness of the Group's material internal controls;

– to provide assurance that key business and operational risks are identified and managed;

– to determine that internal controls are in place and functioning as intended; and

– to evaluate that Company's operations are conducted in an effective and efficient manner.

The AC has reviewed with the internal auditors their audit plan and their evaluation of the system of internal controls, their audit findings and the Management's responses to those findings, the effectiveness of material internal controls, including financial, operational and compliance controls and overall risk management of the Company and the Group for FY2014. The AC is satisfied that the internal audit is adequately resourced and has the appropriate standing within the Group.

Principle 14 : Shareholder Rights
Principle 15 : Communication with Shareholders
Principle 16 : Conduct of Shareholder Meetings

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. Other than the routine announcements made in accordance with the requirements of the Rules of Catalist, the Company has issued additional announcements and press releases to update Shareholders on the activities of the Company and the Group in FY2014.

The Company does not practise selective disclosure. Price-sensitive information is first publicly released via SGXNET before the Company meets with any group of investors or analysts. Results and annual reports are announced or issued within the mandatory period (and where this is not possible, relevant extensions of time are sought in accordance with applicable laws, regulations and rules).

All shareholders will receive the Company's Annual Report and notice of AGM. At the AGM, Shareholders will be given the opportunity and time to air their views and ask the Directors or the Management questions regarding the Company.

The Chairmen of the Board, AC, RC and NC as well as the external auditors will be present and on hand to address all issues raised at the annual general meeting. While the AGM of the Company is a principal forum for dialogue and interaction with all shareholders, the Company will consider use of other forums such as analyst briefings as and when applicable.

The Articles of the Company allow members of the Company to appoint not more than two (2) proxies to attend and vote on their behalf at a general meeting.

Separate resolutions are proposed at general meetings for each distinct issue.

The Company does not have a dividend policy. The Board had not declared or recommended dividend payment for FY2014 as the Board wants to ensure that there are adequate resources for the Company's expansion plans and to respond to any adverse changes in the macroeconomic environment.

Dealing in Securities

The Company has adopted policies in line with the requirements of Rule 1204(19) of the Rules of Catalist on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short term considerations or when they are in possession of unpublished price-sensitive information. The Company, its Directors and its Officers are not allowed to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three (3) quarters and one (1) month before the announcement of the Company's full year financial results, as the case may be, and ending on the date of the announcement of the relevant financial results.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such interested person transaction.

All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company.

The interested person transactions entered into by the Group during FY2014 are set out below:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Healthway Medical Development (Private) Limited	–	$892,000

Non-Sponsor Fees

No non-sponsor fees was paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2014.

Material Contracts and Loans

Pursuant to Rule 1204(8) of the Rules of Catalist, the Company confirmed that except as disclosed in the Report of Directors and Financial Statements and save for the service agreement entered into between the Executive Directors and the Company, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of any Director or controlling shareholder of the Company, either still subsisting at the end of FY2014 or if not then subsisting, which were entered into since the end of the previous financial year.

Risk Management

The Management frequently reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Company's policies and strategies. The significant risk management policies are as disclosed in the audited financial statements.

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet of the Company as at 31 December 2014.

Directors

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

Fan Kow Hin	
Kuek Chiew Hia	
Pee Tong Lim	
Sonny Yuen Chee Choong	(appointed 10 March 2014)
Syed Abu Bakar Bin S Mohsin Almohdzar	
Yeow Ming Ying	(appointed 10 March 2014)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares, debentures, warrants and share options of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		**Holdings in which director is deemed to have an interest**	
	At 31.12.2014	At 1.1.2014 or date of appointment, if later	At 31.12.2014	At 1.1.2014 or date of appointment, if later
Healthway Medical Corporation Limited (No. of ordinary shares)				
Fan Kow Hin	–	–	444,142,812[(1)]	446,955,812
Kuek Chiew Hia	270,000	270,000	–	–

(1) Fan Kow Hin is deemed to be interested in 233,617,252 Shares registered in the name of a nominee account for which the beneficiary is One Organisation Limited ("OOL") by virtue of his shareholding in OOL, 66,875,000 Shares registered in the name of a nominee account for which the beneficiary is One Organisation Pte Ltd ("OOPL") by virtue of his shareholding in OOPL and 143,650,560 Shares registered in the name of a nominee account.

By virtue of Section 7 of the Singapore Companies Act Chapter 50, Fan Kow Hin is deemed to have interests in the other subsidiaries of the Company, at the beginning and at the end of the financial year.

Directors' interests in shares or debentures (continued)

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2015 were the same as those as at 31 December 2014.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that Mr Fan Kow Hin and Mr Yeow Ming Ying have employment relationships with the Company, and have received remuneration in that capacity.

Share options

The Company does not have any share options scheme currently. During the financial year, there were no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries.

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Pee Tong Lim (Chairman)
Kuek Chiew Hia
Syed Abu Bakar Bin S Mohsin Almohdzar
Sonny Yuen Chee Choong

All members of the Audit Committee were non-executive directors and they were all independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act.

The Audit Committee held 6 meetings during the financial year. In performing its functions, the Audit Committee had met with the Company's internal and external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit Committee reviewed the quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption. The Audit Committee also reviewed interested person transactions (as defined in Chapter 9 of the Rules of Catalist) transacted during the financial year.

The Audit Committee has full access to and the co-operation of the management of the Company for it to discharge its functions.

Audit Committee (continued)

The external and internal auditors had unrestricted access to the Audit Committee. The Audit Committee is satisfied with the independence and objectivity of the external auditors and has confirmed with the external auditors that there has been no provision of non-audit services by external auditors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Fan Kow Hin Director	Yeow Ming Ying Director

2 April 2015

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 37 to 95 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Fan Kow Hin Director	Yeow Ming Ying Director

2 April 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTHWAY MEDICAL CORPORATION LIMITED AND ITS SUBSIDIARIES

Report on the Financial Statements

We have audited the accompanying financial statements of Healthway Medical Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 37 to 95, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 2 April 2015

CONSOLIDATED **STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 December 2014

	Note	**2014 $'000**	**2013 $'000**
Revenue	4	85,666	80,601
Other income	5	7,775	7,472
Other gains	6	13,038	43,302
Expenses			
- Medical supplies and consumables used		(11,492)	(11,626)
- Laboratory and related expenses		(6,534)	(5,256)
- Staff costs	7	(56,329)	(50,683)
- Depreciation of property, plant and equipment	16	(1,352)	(1,309)
- Amortisation of intangible assets	17	(292)	(292)
- Rental on operating leases		(8,500)	(7,827)
- Allowance for impairment loss on doubtful receivables	26(b)	(5,164)	(14,688)
- Finance expenses	8	(1,150)	(1,898)
- Other expenses		(5,733)	(7,073)
Total expenses		(96,546)	(100,652)
Profit before income tax		9,933	30,723
Income tax expense	9(a)	(93)	(140)
Total profit		9,840	30,583
Other comprehensive (losses)/income:			
Items that may be classified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value (losses)/gains	24	(5,020)	25,513
- Transfer to profit or loss	24	(13,038)	(56,336)
		(18,058)	(30,823)
Currency translation gains arising from consolidation		75	908
Other comprehensive losses, net of tax		(17,983)	(29,915)
Total comprehensive (losses)/income		(8,143)	668
Profit attributable to:			
Equity holders of the Company		9,840	30,583
Total comprehensive (losses)/income attributable to:			
Equity holders of the Company		(8,143)	668
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic and diluted earnings per share	10	0.43	1.35

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET - GROUP AND COMPANY

As at 31 December 2014

		Group		Company	
	Note	2014	2013	2014	2013
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	3,157	3,761	1,936	1,675
Trade and other receivables	12	75,260	42,672	6,352	24,397
Inventories	13	2,393	2,778	–	–
Available-for-sale financial assets	14	756	24,795	756	24,795
		81,566	74,006	9,044	50,867
Non-current assets					
Trade and other receivables	12	20,358	49,555	–	–
Investments in subsidiaries	15	–	–	196,970	182,214
Property, plant and equipment	16	6,031	5,715	–	–
Intangible assets	17	122,197	122,475	355	645
		148,586	177,745	197,325	182,859
Total assets		230,152	251,751	206,369	233,726
LIABILITIES					
Current liabilities					
Trade and other payables	18	22,413	35,286	1,121	17,578
Current income tax liabilities	9(b)	365	831	101	695
Borrowings	19	12,431	9,731	9,410	7,982
		35,209	45,848	10,632	26,255
Non-current liabilities					
Borrowings	19	3,748	6,531	1,538	5,800
Deferred income tax liabilities	22	204	204	–	–
Provisions	21	366	400	–	–
		4,318	7,135	1,538	5,800
Total liabilities		39,527	52,983	12,170	32,055
NET ASSETS		190,625	198,768	194,199	201,671
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	204,430	204,430	204,430	204,430
Treasury shares	23	(3,049)	(3,049)	(3,049)	(3,049)
Fair value reserve	24	718	18,776	718	18,776
Currency translation reserve		699	624	–	–
Accumulated losses		(12,173)	(22,013)	(7,900)	(18,486)
Total equity		190,625	198,768	194,199	201,671

The accompanying notes form an integral part of these financial statements.

For the financial year ended 31 December 2014

	Note	Share capital $'000	Treasury shares $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated losses $'000	Total equity $'000
2014							
Beginning of financial year		204,430	(3,049)	18,776	624	(22,013)	198,768
Total comprehensive (losses)/income for the year		–	–	(18,058)	75	9,840	(8,143)
End of financial year		204,430	(3,049)	718	699	(12,173)	190,625
2013							
Beginning of financial year		194,726	(3,049)	49,599	(284)	(28,084)	212,908
Issue of new shares	23	10,004	–	–	–	–	10,004
Share issue expenses	23	(300)	–	–	–	–	(300)
Dividend paid		–	–	–	–	(24,512)	(24,512)
Total comprehensive (losses)/income for the year		–	–	(30,823)	908	30,583	668
End of financial year		204,430	(3,049)	18,776	624	(22,013)	198,768

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED **STATEMENT OF CASH FLOWS**

For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Total profit		9,840	30,583
Adjustments for:			
- Income tax expense		93	140
- Depreciation of property, plant and equipment		1,352	1,309
- Amortisation of intangible assets		292	292
- Property, plant and equipment written off		517	129
- Allowance for impairment loss on doubtful receivables		5,164	14,688
- Loss on disposal of property, plant and equipment		15	–
- Interest expense		1,150	1,898
- Interest income		(1,738)	(1,397)
- Gain on disposal of available-for-sale financial assets		(13,038)	(43,302)
- Unrealised currency translation losses		75	905
		3,722	5,245
Change in working capital, net of effects from acquisition and disposal of subsidiaries:			
- Inventories		385	(47)
- Trade and other receivables		1,565	(1,380)
- Trade and other payables		3,743	779
Cash generated from operations		9,415	4,597
Income tax (paid)/credit		(559)	310
Net cash provided by operating activities		8,856	4,907
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired		–	(262)
Additions to property, plant and equipment		(1,943)	(488)
Additions of intangible assets		(14)	(3)
Proceeds on disposal of property, plant and equipment		639	316
Loans to third parties		(26,089)	(13,758)
Proceeds from sale of available-for-sale financial asset		19,019	21,707
Investment in available-for-sale financial asset		–	(30,346)
Net advances made to a related party		(613)	(11,369)
Interest income		1,738	1,397
Net cash used in investing activities		(7,263)	(32,806)
Cash flows from financing activities			
Fixed deposits pledged		(6)	98
Share issue expense		–	(300)
Proceeds from share issue		–	10,004
Proceeds from borrowings		16,293	34,085
Repayment of borrowings		(16,548)	(12,823)
Repayment of finance lease liabilities		(698)	(546)
Dividend paid		–	(1,500)
Interest paid		(1,150)	(1,898)
Net cash (used in)/provided by financing activities		(2,109)	27,120
Net decrease in cash and cash equivalents		(516)	(779)
Cash and cash equivalents			
Beginning of financial year	11	1,553	2,329
Effects of currency translation on cash and cash equivalents		–	3
End of financial year	11	1,037	1,553

<u>Significant non-cash transactions</u>

In 2014, the Group acquired property, plant and equipment with an aggregate cost of $2,839,000 (2013: $1,086,000) of which $896,000 (2013: $598,000) was acquired under finance leases.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Healthway Medical Corporation Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 2 Leng Kee Road, #06-07 Thye Hong Centre, Singapore 159086.

The principal activities of the Company are those of an investment holding company and to carry on the business of healthcare management. The principal activities of its subsidiaries are set out in Note 15.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2. Significant accounting policies (continued)

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Provision of medical services*

Revenue from the provision of medical services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised over the period when the services are performed, typically within twelve months from the date of the transaction.

(b) *Management and administrative fees*

Management and administrative fees are recognised upon completion of services rendered, where it is probable that the benefits will flow to the Group.

(c) *Rental income*

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

(d) *Interest income*

Interest income is recognised using the effective interest method.

2. Significant accounting policies (continued)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (i) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over (ii) the fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill on Acquisition" for the accounting policy on goodwill subsequent to initial recognition.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.4 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the restoration is incurred as a consequence of using the asset for purpose other than to produce inventories. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) *Depreciation*

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives for the current and comparative periods as follows:

	Useful lives
Leasehold improvement	2 to 10 years
Medical equipment	5 to 10 years
Computers	1 to 3 years
Furniture and fittings	5 to 10 years
Office equipment	5 to 10 years
Signboards	2 to 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.5 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of (i) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over (ii) the fair value of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(b) *Acquired brands*

Acquired brands with indefinite life are initially recognised at cost and are subsequently carried at cost less accumulated impairment losses.

2. Significant accounting policies (continued)

2.5 Intangible assets (continued)

(c) Acquired computer software licences and computer software development in progress

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years. Computer software development in progress is not amortised.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets

(a) *Goodwill, brands and computer software development in progress*

Goodwill and intangible assets that have indefinite useful life, recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiaries

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2. Significant accounting policies (continued)

2.9 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 12) and "cash and cash equivalents" (Note 11) on the balance sheet.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(d) *Subsequent measurement*

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve.

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2. Significant accounting policies (continued)

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of certain subsidiaries and a non-related party. These guarantees are financial guarantees as they require the Company to reimburse the banks if the specified debtors fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Intra-group financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be recognised to settle the guarantee contract.

All other (non intra-group) financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

2.15 Leases

When the Group is the lessee:

The Group leases certain plant and machinery under finance leases and commercial and office premises under operating leases from non-related parties.

(i) *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2. Significant accounting policies (continued)

2.15 Leases (continued)

When the Group is the lessor (operating leases):

(*i*) *Lessor - Operating leases*

The Group leases commercial and office premises under operating leases to non-related parties.

Leases of commercial and office premises to non-related parties where the Group has leased under operating leases (Note 2.15(ii)) are classified as operating leases. Rental income from these operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.16 Inventories

Inventories comprising pharmacy, medical and surgical supplies are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Allowance is made for all damaged, expired and slow moving items.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2. Significant accounting policies (continued)

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

The provision for restoration costs relates to the estimated costs of dismantling, removing and restoring the commercial premises to its original condition at the expiration of the lease period.

2. Significant accounting policies (continued)

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Short-term employee benefits*

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

2.20 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company. All information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

All foreign exchange gains and losses impacting profit or loss are presented in the income statement.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. Significant accounting policies (continued)

2.20 Currency translation (continued)

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2. Significant accounting policies (continued)

2.23 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the carrying amounts are netted off against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in capital reserve.

2.24 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Use of indefinite lived assumption on Brand name*

Brand name arises from the acquisition of subsidiaries in 2006 and 2008. In the assessment of the useful life of the brand name, Management has performed an analysis on the relevant factors including the strength and durability of the brand in the industry. Management has also considered the stability and profitability of the market sectors that are of similar risk profiles that the brand relates to. Further, management considers that its size and market shares mean that the risk of market-related factors causing a reduction in the life of the brand name is considered to be relatively low. The Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factor which could limit its useful life. Based on the mentioned factors, management concludes that there is no foreseeable limit to the period over which the brand name is expected to generate net cash inflows for the Group and hence, brand name is not amortised.

The useful life of the brand name is reviewed annually to determine whether events and circumstances continue to support an indefinite useful life assessment.

(b) *Estimated impairment of non-financial assets*

Goodwill and brand name with indefinite useful lives are tested for impairment annually and whenever there are indication that they may be impaired. Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 17).

If the estimated EBIT had been 2% lower than management's estimates at 31 December 2014, this would not result in any significant impact on the carrying value of goodwill, brand name and property, plant and equipment of the CGUs. If the estimated weighted cost of capital used in determining the pre-tax discount rate applied to the discounted cash flows for the CGUs had been 0.5% higher than management's estimates at 31 December 2014, there would be no impairment required.

3. Critical accounting estimates, assumptions and judgements (continued)

(c) *Impairment of loans and receivables*

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

As at 31 December 2014, the carrying amounts of the Group's loans and receivables are disclosed in Note 12. Management is of the view that the allowance for impairment loss recorded is adequate and no further allowance required.

(d) *Income taxes*

Critical accounting judgement is involved in determining the provision for income taxes, in particular over the taxability of certain income. At balance sheet date, the Group recognised current income tax payable of $365,000 (2013: $831,000). As management believes that the tax positions currently taken are sustainable, the Group has not recognised any additional tax liability for such expected tax issues. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will have a material impact on the income tax expense in the period in which such determination is made.

4. Revenue

	Group	
	2014	**2013**
	$'000	**$'000**
Medical services	84,466	78,236
Management and administrative fees	1,200	2,365
	85,666	80,601

5. Other income

	Group	
	2014	2013
	$'000	$'000
Interest income		
- Bank deposits	6	11
- Loans and receivables from non-related parties	1,732	1,386
	1,738	1,397
Recovery of staff cost		
- non-related party	4,405	4,405
Rental income	456	556
Rental of medical equipment	383	383
Others	793	731
	7,775	7,472

6. Other gains

	Group	
	2014	2013
	$'000	$'000
Loss on settlement of convertible debt instruments and exercise of options (Note (a))	–	(13,034)
Transfer from comprehensive income on disposal of available-for-sale financial assets (Note 24)	13,038	56,336
	13,038	43,302

(a) In previous financial year, the Group issued convertible debt instruments amounting to $23,400,000. These convertible debt instruments were settled using the Group's available-for-sale financial assets, resulting in a loss of $11,939,000.

In previous financial year, several investors exercised their options to purchase a portion of the Group's available-for-sale financial assets at a mutually agreed price, resulting in a loss of $1,095,000.

7. Staff costs

	Group	
	2014	2013
	$'000	$'000
Wages and salaries	53,819	48,273
Employer's contribution to defined contribution plans including Central Provident Fund	2,510	2,410
	56,329	50,683

8. Finance expenses

	Group	
	2014	2013
	$'000	$'000
Interest expense		
- Bank borrowings	1,052	1,823
- Finance lease liabilities	98	75
	1,150	1,898

9. Income taxes

(a) Income tax expense

	Group	
	2014	2013
	$'000	$'000
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax	514	1,270
Deferred income tax (Note 22)	–	(300)
	514	970
- Over provision in prior financial years:		
Current income tax	(421)	(830)
	93	140

	Group	
	2014	2013
	$'000	$'000
Profit before income tax	9,933	30,723
Tax calculated at tax rate of 17% (2013: 17%)	1,689	5,223
Effects of		
- over provision in prior years	(421)	(830)
- expenses not deductible for tax purposes	889	2,801
- income not subject to tax	(2,170)	(7,364)
- utilisation of previously unrecognised tax losses	–	(38)
- deferred tax asset on tax losses not recognised	106	348
Tax charge	93	140

9. Income taxes (continued)

(b) Movement in current income tax liabilities

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	831	81	695	6
Income tax (paid)/credit	(559)	310	(173)	–
Tax expense	514	1,270	–	520
(Over)/under provision in the prior year	(421)	(830)	(421)	169
End of financial year	365	831	101	695

10. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2014	**2013**
Net profit attributable to equity holders of the Company ($'000)	9,840	30,583
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,308,236	2,266,832
Basic earnings per share (cents per share)	0.43	1.35

Diluted earnings per share for the year ended 31 December 2014 and 31 December 2013 are computed on the same basis as basic earnings per share as there were no options and warrants granted and there were no other potential ordinary shares outstanding.

11. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash at bank and on hand	1,027	1,636	351	95
Short-term bank deposits	2,130	2,125	1,585	1,580
	3,157	3,761	1,936	1,675

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2014	2013
	$'000	$'000
Cash and bank balances (as above)	3,157	3,761
Less: Bank deposits pledged as collateral for banking facilities	(2,120)	(2,114)
Less: Bank overdrafts (Note 19)	–	(94)
Cash and cash equivalents per consolidated statement of cash flows	1,037	1,553

The weighted average effective interest rates relating to cash and cash equivalents excluding bank overdrafts, at the balance sheet date for the Group and Company are 0.20% (2013: 0.20%) and 0.21% (2013: 0.22%) respectively. Interest rates reprice at intervals of one month.

Bank deposits pledged represent bank balances of the Company pledged to secure certain banking facilities (refer to Note 19).

12. Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Trade receivables	12,146	10,260	2,793	2,793
Unbilled receivables	1,772	1,786	–	–
	13,918	12,046	2,793	2,793
Allowance for impairment loss	(3,974)	(3,461)	–	–
Net receivables	9,944	8,585	2,793	2,793
Deposits	4,808	2,026	3,540	1,100
Loan receivables – Loan A	55,000	–	–	–
Other receivables – non related companies	5,776	11,520	8	–
Allowance for impairment loss	(746)	(622)	–	–
	5,030	10,898	8	–
Other receivables – related party	4,527	20,496	4,527	20,496
Allowance for impairment loss	(4,527)	–	(4,527)	–
	–	20,496	–	20,496
	74,782	42,005	6,341	24,389
Prepayments	478	667	11	8
	75,260	42,672	6,352	24,397
Non-current				
Deposits	769	1,055	–	–
Loan receivables:				
- Loan A	–	33,000	–	–
- Loan B	32,589	28,500	–	–
Allowance for impairment loss	(13,000)	(13,000)	–	–
	19,589	15,500	–	–
	20,358	49,555	–	–

Other receivables from related party are unsecured, interest-free and repayable on demand.

The fair values of non-current deposits carried at amortised cost approximate their carrying amounts.

Loan A

The loan is denominated in Singapore dollars and is unsecured. The floating-rate interest is based on DBS Bank Ltd's Prime rate, adjusted on an annual basis. At balance sheet date, the loans bear interest at 4.25% per annum (2013: 4.25%). The borrower is a non-related company that owns medical clinics in Singapore. Under the loan agreement, the Group provides funding for the development, setup and operations of the borrower. The Group is expected to be repaid on 30 June 2015. As at date of these financial statements, the Group is considering exercising the option to acquire these medical clinics through the conversion of this loan to form part of the purchase consideration, at a price to be agreed (See Note (a) below).

12. Trade and other receivables (continued)

Loan B

The loans are made to non-related medical centres in China for the development, setup and operations of these medical centres (See Note (a) below).

These loans are denominated in Chinese Renminbi and are secured by way of corporate guarantees from the borrowers' holding company. The Group have waived interest charged during the year and previous financial year. The loans have tenor periods of 10 years and are repayable on 12 August 2020.

Note (a)
The Group has management service contracts with various parties to manage medical centres in Singapore and China. The Group is not exposed to, or does not have rights to, variable returns from its involvement of these medical centres. The Group does not have the ability to affect those returns through its power over these medical centres.

13. Inventories

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Pharmacy, medical and surgical supplies, at cost	2,393	2,778	–	–

14. Available-for-sale financial assets

	Group and Company	
	2014	**2013**
	$'000	**$'000**
Beginning of financial year	24,795	50,050
Additions	–	30,346
Fair value (losses)/gains recognised in other comprehensive income	(5,020)	25,513
Disposals	(19,019)	(81,114)
End of financial year	756	24,795

Available-for-sale financial assets are analysed as follows:

	Group and Company	
	2014	**2013**
	$'000	**$'000**
Listed equity securities – Singapore	756	24,795

15. Investments in subsidiaries

	Company 2014 $'000	Company 2013 $'000
Equity investments at cost	12,343	12,343
Amounts due from subsidiaries (non-trade)	243,037	228,281
Allowance for impairment loss	(58,410)	(58,410)
End of financial year	196,970	182,214

Non-trade amounts due from subsidiaries are unsecured and interest-free. The settlement of these amounts is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investments in these subsidiaries, they are stated at cost less accumulated impairment loss.

As at 31 December, the Group had the following subsidiaries:

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2014 %	Equity holding 2013 %
Held by the Company				
China Healthway Pte. Ltd.[(1)]	Investment holding	Singapore	100	100
Healthway Medical Group Pte Ltd[(2)]	Practice of general medical practitioners	Singapore	100	100
Unimedic Pte. Ltd. [(2)]	Investment holding	Singapore	100	100
Vista Medicare Pte. Ltd. [(1)]	Provision of managed healthcare	Singapore	100	100
Held by China Healthway Pte. Ltd.				
China Unimedic Pte. Ltd. [(1)]	Investment holding	Singapore	100	100
Crane Medical Pte. Ltd. [(2)]	Investment holding	Singapore	100	100
Held by Unimedic Pte. Ltd.				
Aaron Dentalcare Pte. Ltd. [(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100

15. Investments in subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2014 %	Equity holding 2013 %
Held by Unimedic Pte. Ltd. (continued)				
Aaron Seow International Pte Ltd[(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
CLAAS Medical Centre Pte. Ltd. [(1)]	Investment holding	Singapore	99.9	99.9
Island Orthopaedic Consultants Pte Ltd[(1)]	Provision of orthopaedic services and operation of medical clinics	Singapore	100	100
Peace Family Clinic and Surgery (AMK) Pte. Ltd. [(1)]	Under voluntary liquidation	Singapore	100	100
Peace Family Clinic and Surgery (Anchorvale) Pte. Ltd. [(1)]	Under voluntary liquidation	Singapore	100	100
Peace Family Clinic and Surgery (Sembawang) Pte. Ltd. [(1)]	Under voluntary liquidation	Singapore	100	100
Picton Medical Centre Pte. Ltd. [(1)]	Under voluntary liquidation	Singapore	100	100
Healthway Dental Pte. Ltd. [(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Popular Dental (Woodlands) Pte. Ltd. [(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Thomson Paediatric Clinic Pte Ltd[(2)]	Provision of paediatric services and operation of medical clinics	Singapore	100	100

15. Investments in subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2014 %	Equity holding 2013 %
Held by Unimedic Pte. Ltd. (continued)				
Universal Dentalcare Pte Ltd[(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Universal Dental Group (Braddell) Pte. Ltd. [(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Universal Dental Group (Woodlands) Pte. Ltd. [(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
SBCC Clinic Pte Ltd[(1)]	Provision of paediatric services and operation of medical clinics	Singapore	100	100
SBCC Services & Trading Pte Ltd[(1)]	Under voluntary liquidation	Singapore	100	100
Silver Cross Healthcare Pte Ltd[(2)]	Practice of general medical practitioners	Singapore	100	100
Held by SBCC Clinic Pte. Ltd.				
SBCC Women's Clinic Pte. Ltd. [(1)]	Provision of gynaecology services and operation of medical clinics	Singapore	100	100
Held by CLAAS Medical Centre Pte. Ltd.				
BCNG Holdings Pte. Ltd. [(1)]	Provision of services and products related to wellness and beauty	Singapore	100	100

15. Investments in subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2014 %	Equity holding 2013 %
Held by Aaron Seow International Pte Ltd				
Aaron CTP Dental Surgery Pte. Ltd. (1)	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Held by Crane Medical Pte. Ltd.				
Kang Wei Investment Consultancy (Shanghai) Co., Ltd. (3)	Provision of medical services and consultancy	China	100	100
Held by Kang Wei Investment Consultancy (Shanghai) Co., Ltd.				
Kang Hong (Shanghai) Medical Equipment Lease Co., Ltd. (4)	Provision of medical services and consultancy	China	100	100

(1) Audited by Sashi Kala Devi Associates

(2) Audited by PricewaterhouseCoopers LLP, Singapore

(3) Audited by ZhongxingCai Guanghua CPA LLP

(4) Audited by Shanghai Yongming C.P.A Partnership

16. Property, plant and equipment

	Leasehold improvements $'000	Medical equipment $'000	Computers $'000	Furniture and fittings $'000	Office equipment $'000	Signboards $'000	Total $'000
<u>Group</u>							
2014							
Cost							
Beginning of financial year	5,182	4,430	1,765	1,067	774	137	13,355
Additions	1,517	1,046	96	97	57	26	2,839
Disposals	(1,592)	(1,122)	(61)	(213)	(104)	(9)	(3,101)
End of financial year	5,107	4,354	1,800	951	727	154	13,093
Accumulated depreciation and impairment losses							
Beginning of financial year	2,513	2,020	1,645	857	509	96	7,640
Depreciation charge	560	585	92	54	53	8	1,352
Disposals	(983)	(602)	(60)	(199)	(81)	(5)	(1,930)
End of financial year	2,090	2,003	1,677	712	481	99	7,062
Net book value							
End of financial year	3,017	2,351	123	239	246	55	6,031
2013							
Cost							
Beginning of financial year	4,453	4,556	1,741	1,108	789	146	12,793
Additions	785	236	44	(25)	37	9	1,086
Acquired under business combinations	102	308	3	6	–	–	419
Disposals	(158)	(670)	(23)	(22)	(52)	(18)	(943)
End of financial year	5,182	4,430	1,765	1,067	774	137	13,355
Accumulated depreciation and impairment losses							
Beginning of financial year	2,020	1,880	1,531	823	479	96	6,829
Depreciation charge	548	516	132	51	54	8	1,309
Disposals	(55)	(376)	(18)	(17)	(24)	(8)	(498)
End of financial year	2,513	2,020	1,645	857	509	96	7,640
Net book value							
End of financial year	2,669	2,410	120	210	265	41	5,715

The carrying amount of property, plant and equipment held under financial leases are $2,159,000 (2013: $1,728,000) at balance sheet date.

17. Intangible assets

	Goodwill $'000	Brand name $'000	Computer Software $'000	Total $'000
Group				
2014				
Cost				
Beginning of financial year	152,910	27,313	1,656	181,879
Additions	–	–	14	14
End of financial year	152,910	27,313	1,670	181,893
Accumulated amortisation and impairment losses				
Beginning of financial year	58,410	–	994	59,404
Amortisation for the year	–	–	292	292
End of financial year	58,410	–	1,286	59,696
Net book value				
End of financial year	94,500	27,313	384	122,197
2013				
Cost				
Beginning of financial year	149,118	27,313	1,653	178,084
Additions	–	–	3	3
Acquisition of subsidiary	3,792	–	–	3,792
End of financial year	152,910	27,313	1,656	181,879
Accumulated amortisation and impairment losses				
Beginning of financial year	58,410	–	702	59,112
Amortisation for the year	–	–	292	292
End of financial year	58,410	–	994	59,404
Net book value				
End of financial year	94,500	27,313	662	122,475

17. Intangible assets (continued)

	Computer Software $'000
Company	
2014	
Cost	
Beginning and end of financial year	1,448
Accumulated amortisation and impairment losses	
Beginning of financial year	803
Amortisation for the year	290
End of financial year	1,093
Net book value	
End of financial year	355
2013	
Cost	
Beginning and end of financial year	1,448
Accumulated amortisation and impairment losses	
Beginning of financial year	513
Amortisation for the year	290
End of financial year	803
Net book value	
End of financial year	645

Impairment test for cash-generating units containing goodwill and brand name with indefinite lives

For the purpose of impairment testing, goodwill and brand name with indefinite lives are allocated to the respective Singapore operating divisions ("cash-generating units" or "CGUs") which represent the lowest level within the Group at which they are monitored for internal management purposes.

17. Intangible assets (continued)

Impairment test for cash-generating units containing goodwill and brand name with indefinite lives (continued)

The aggregate carrying amount and impairment loss of goodwill and brand name with indefinite lives are allocated to each CGU identified according to service groups as follows:

	Goodwill	Brand name	Total	Net book value 2014	Net book value 2013
	$'000	$'000	$'000	$'000	$'000
Group					
Family medicine (comprising up to 43 clinics)	41,313	8,000	49,313	49,313	49,313
Dentistry (comprising up to 12 clinics)	6,046	–	6,046	6,046	6,046
Paediatrics (comprising up to 10 clinics)	21,350	9,656	31,006	31,006	31,006
Orthopaedics (comprising up to 3 clinics)	18,903	9,657	28,560	28,560	28,560
Wellness and aesthetic (comprising 1 clinic)	3,096	–	3,096	3,096	3,096
Obstetrics & gynaecology (comprising up to 2 clinics)	3,792	–	3,792	3,792	3,792
	94,500	27,313	121,813	121,813	121,813

The recoverable amount of the respective CGUs was based on their value-in-use. Value-in-use was determined by discounting the future cash flows generated from the continuing use of the CGUs.

Cash flows were projected based on actual operating results, financial budget and targeted revenue growth approved by management covering a period of five years and its projected terminal value. Terminal value for the respective CGU is based on the CGU's estimated Earnings Before Income Tax ("EBIT") from the 6th year, at annual growth rates of 1% to 2% (2013: 1% to 2%) to perpetuity. This is within the long-term average growth rates for various segments of the healthcare industry in Singapore.

Actual results may differ from forecasts and future events may affect the assumptions below and the related cash flows and values of the Group's goodwill, brand name and property, plant and equipment used for assessing impairment.

17. Intangible assets (continued)

Impairment test for cash-generating units containing goodwill and brand name with indefinite lives *(continued)*

In respect of the earnings generated from the CGUs, the other underlying key assumptions used in calculation of the recoverable amounts are outlined below.

- The anticipated annual revenue growth of family medicine, dentistry as well as wellness and aesthetic included in the cash flow projection was approximately 3 to 5% (2013: 5%) for years 2015 to 2019.
- The anticipated annual revenue growth of paediatrics, orthopaedics, obstetrics and gynaecology included in the cash flow projection was approximately 7% (2013: 7%) for years 2015 to 2019.
- Cost growth rates of 3% (2013: 3%) for the years 2015 to 2019, which takes into consideration expected annual inflation rates in Singapore and expected impact of internal cost containment initiatives since FY2012.
- A discount rate of 8.71% (2013: 7.93%) was applied in determining the recoverable amount of the CGUs. The discount rate used reflect risks specific to the CGUs.

The values assigned to the key assumptions represent management's assessment of past experience, future trends in the industry and are based on both external sources and internal sources.

Based on management's assessment, no impairment loss has been identified for the year ended 31 December 2014 (2013: nil).

18. Trade and other payables

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade payables to non-related parties	11,069	9,806	264	537
Deferred income	1,171	1,356	–	–
Other payable to non-related parties	4,802	3,554	33	35
	17,042	14,716	297	572
Non-trade amounts:				
- due to subsidiaries	–	–	113	54
- due to a related party	–	16,580	–	16,580
	–	16,580	113	16,634
Accruals for operating expenses	5,371	3,990	711	372
	22,413	35,286	1,121	17,578

The non-trade amounts due to subsidiaries and a related party are unsecured, interest-free and repayable on demand. Amounts due to a related party have been fully repaid during the year.

19. Borrowings

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Bank overdrafts (Note 11)	–	94	–	–
Bank borrowings	9,604	8,703	7,260	7,632
Loans	2,150	350	2,150	350
Finance lease liabilities (Note 20)	677	584	–	–
	12,431	9,731	9,410	7,982
Non-current				
Bank borrowings	2,843	5,800	1,538	5,800
Finance lease liabilities (Note 20)	905	731	–	–
	3,748	6,531	1,538	5,800
Total borrowings	16,179	16,262	10,948	13,782

The carrying value of the borrowings is a reasonable approximation of their fair values.

Fixed rate borrowings amounting $3,646,000 (2013: $2,415,000) have interest rates ranging from 3.5% to 7.5% per annum (2013: 3.5% to 5.0%). The remaining floating rate borrowings have interest rates between 2.2% to 8.8% per annum (2013: 2.3% to 8.8%). In previous financial year, the bank overdrafts had interest rates of 2.0% per annum.

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Bank borrowings and loans comprise				
(a) 4-year term loan facilities	–	858	–	722
(b) Revolving credit facilities	6,218	5,935	5,000	5,000
(c) 3-year term loan facilities	6,049	7,710	3,798	7,710
(d) 2-year term loan facilities	180	–	–	–
(e) Other loans	2,150	350	2,150	350
Total borrowings	14,597	14,853	10,948	13,782

(a) In previous financial year, these 4-year term loan facilities were denominated in Singapore dollars and were secured by joint and several guarantees from certain directors of the Company. These loans have been repaid during the financial year.

(b) These revolving credit facilities are secured by joint and several guarantees from a director and a former director of the Company. There are no fixed repayment schedules.

19. Borrowings (continued)

(c) These Singapore dollar bank loans are 3-year term loan facilities which are secured by joint and several guarantees from certain directors of the Company. These loans mature in 2015, 2016 and 2017.

(d) This Singapore dollar bank loan is a 2-year term loan facility which is secured by joint and several guarantees from certain directors of the Company. This loan mature in 2016.

(e) This comprises of a loan from a shareholder amounting $50,000 (2013: $250,000), a loan from an affiliate of a director amounting $2,100,000 (2013: nil) and a loan from a family member of a director amounting nil (2013: $100,000). The loans are unsecured, interest-free and repayable on demand.

20. Finance lease liabilities

The Group leases certain plant and equipment from non-related parties under finance leases. The weighted average effective interest rate per annum ranging from 2.05% to 3.50%.

	Group	
	2014	**2013**
	$'000	**$'000**
Minimum lease payments due		
- Not later than one year	770	646
- Between one and five years	964	795
	1,734	1,441
Less: Future finance charges	(152)	(126)
Present value of finance lease liabilities	1,582	1,315

The present values of finance lease liabilities are analysed as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Not later than one year (Note 19)	677	584
Later than one year (Note 19)		
- Between one and five years	905	731
Total	1,582	1,315

21. Provisions

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Non-current				
Provision for restoration costs	366	400	–	–

Movement in provision for restoration cost is as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Beginning of financial year	400	400	–	–
Provision utilised	(34)	–	–	–
End of financial year	366	400	–	–

The fair values of non-current provisions carried at amortised cost approximate their carrying amounts.

22. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred tax liability is expected to be settled after one year.

Movement in deferred income tax account is as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Beginning of financial year	(204)	(504)	–	–
Tax credit profit or loss (Note 9(a))	–	300	–	–
End of financial year	(204)	(204)	–	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $4,332,000 (2013: $3,497,000) and capital allowances of $7,000 (2013: $7,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in Singapore. These tax losses have no expiry dates.

22. Deferred income taxes (continued)

Group

The movement in deferred income tax liabilities is as follows:

	Accelerated tax depreciation $'000
2014	
Beginning of financial year	204
Credit to profit or loss	–
End of financial year	204
2013	
Beginning of financial year	504
Charged to profit or loss	(300)
End of financial year	204

23. Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital $'000	Treasury shares $'000
Group and Company				
2014				
Beginning and end of financial year	2,308,236	18,698	204,430	(3,049)
2013				
Beginning of financial year	2,210,736	18,698	194,726	(3,049)
Shares issued	97,500	–	10,004	–
Share issue expenses	–	–	(300)	–
End of financial year	2,308,236	18,698	204,430	(3,049)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

24. Fair value reserve

	Group and Company	
	2014	2013
	$'000	$'000
Beginning of financial year	18,776	49,599
Fair value (loss)/gain on available-for sale financial assets:		
- Net (loss)/gain on fair value changes during the year (Note 14)	(5,020)	25,513
- Transfer to profit or loss on disposal of available-for-sale financial asset (Note 6)	(13,038)	(56,336)
End of financial year	718	18,776

25. Movement in Company's accumulated losses

	Accumulated losses $'000
2014	
Beginning of financial year	(18,486)
Total comprehensive income for the year	10,586
End of financial year	(7,900)
2013	
Beginning of financial year	(52,349)
Total comprehensive income for the year	58,375
Distribution of non-cash assets	(24,512)
End of financial year	(18,486)

26. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. Detailed policies are established and carried out by Group Management in accordance with the objectives and underlying principles approved by the Board of Directors.

26. Financial risk management (continued)

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore and China. The Group's monetary assets and liabilities are principally denominated in Singapore Dollar ("SGD").

The Group's exposure to currency risk principally arises from Chinese Renminbi ("RMB") denominated loans amounting $32,589,000 (2013: $28,500,000) extended to the owner of medical entities in China by a Singapore subsidiary with SGD functional currency.

Apart from these RMB loans, the Group and Company is not exposed to significant foreign currency risk on monetary assets and liabilities that are denominated in a currency other than the respective functional currencies.

Sensitivity analysis

As at 31 December 2014, a 5% strengthening/weakening of SGD against RMB, with all other variables including tax rate being held constant, would decrease/increase profit before tax by approximately $1,629,000 (2013: $1,425,000).

(ii) Price risk

The Group is exposed to securities price risk arising from quoted securities investments held by the Group which are classified on the consolidated balance sheet as available-for-sale. Gains and losses arising from changes in the fair value of these investments are recognised in other comprehensive income and accumulated under equity in the fair value reserve. The performance of the Group's quoted available-for-sale investments are monitored regularly, together with a regular assessment of their relevance to the Group's long term strategic plans. Please refer to Note 14 for the details of the Group available-for-sale investments.

Sensitivity analysis

At 31 December 2014, if the price of quoted and unquoted had been 5% higher/lower with all other variables held constant, other comprehensive income would have been $37,800 (2013: $1,239,750) higher/lower.

26. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities.

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings.

Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which interest expense could be affected by an adverse movement in interest rates. Where necessary, the Group will consider using hedging strategies to reduce exposure to adverse interest rate movements.

The Group periodically reviews its liabilities and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels. If the interest rates had been higher/lower by 1% (2013: 1%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by $116,000 (2013: $132,000) as a result of higher/lower interest expense on these borrowings.

The Company periodically reviews its liabilities and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels. If the interest rates had been higher/lower by 1% (2013: 1%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by $73,000 (2013: $111,000) as a result of higher/lower interest expense on these borrowings.

The exposure of all floating interest bearing borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are 12 months or less.

26. Financial risk management (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables.

At the balance sheet date, except for trade and other receivables as disclosed below, there was no other significant concentration of credit risk in any one or group of customers.

Cash and cash equivalents

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Trade and other receivables

The Group's exposure to credit risk in trade and other receivables arises mainly from corporate customers.

To minimise credit risk, management has established a credit policy under which each new credit customer is analysed individually for creditworthiness before the Group's credit terms are offered. Customers who fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Group does not rely on a single external customer for 10% or more of the Group's revenues.

26. Financial risk management (continued)

(b) Credit risk (continued)

In relation to loan receivables, the Group has entered into loan and management service agreements with various parties which are in the business of the provision of medical services, for which the Group provides long term funding for the development, set up and operations of these businesses. The arrangement results in amounts due to the Group which are classified under loan receivables. To assess a prospective party, the Group evaluates among other factors, the party's credit history, current financial position, as well as, its business outlook, taking into account the risks specific to the party, which include its market and industry dynamics, and internal strategic and business plans. Once the prospective party is contracted, the Group, based on past experience and expectations for the future, monitors on an on-going basis the party's planned cash flow projections and earnings, which would indicate if the loan receivables are recoverable when they fall due.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Corporate guarantees provided:				
- on subsidiaries' loans	–	–	3,648	1,000
- on loans to a related party's subsidiary	–	5,672	–	5,672
- on non-related party's loan	1,400	7,592	1,400	7,592
	1,400	13,264	5,048	14,264

The credit risk for financial assets based on the information provided to key management is as follows:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Trade and other receivables:				
- Non-current	20,358	49,555	–	–
- Current	74,782	42,005	6,341	24,389
Cash and bank balances	3,157	3,761	1,936	1,675
Available-for-sale financial assets	756	24,795	756	24,795
Recognised financial assets	99,053	120,116	9,033	50,859

26. Financial risk management (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. The remaining financial assets that are neither past due nor impaired are substantially companies with good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Past due 0 - 30 days	1,763	1,309	–	–
Past due 31 -120 days	2,328	2,180	–	–
Past due 121-365 days	1,480	1,271	–	–
	5,571	4,760	–	–

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Not past due	18,273	13,622	–	–
Past due over 365 days	3,974	3,461	4,527	–
Less: Allowance for impairment	(22,247)	(17,083)	(4,527)	–
	–	–	–	–

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	17,083	2,395	–	–
Allowance made	5,164	14,688	4,527	–
End of financial year	22,247	17,083	4,527	–

26. Financial risk management (continued)

(b) Credit risk (continued)

(ii) *Financial assets that are past due and/or impaired* (continued)

The impairment allowance account is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount considered irrecoverable is written off against the trade receivables directly. The impaired trade and other receivables arise mainly from uncertainty in collection. The impaired other receivables of $4,527,000 during the year arose mainly from a related party (Note 12) as it was in capital deficiency position.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 365 days. These receivables are mainly arising by customers that have a good credit track record with the Group.

(c) Liquidity risk

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

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational demands, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

26. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000
Group			
2014			
Non-derivative financial liabilities			
Bank loans	13,056	10,035	3,021
Loans	2,150	2,150	–
Finance lease liabilities	1,734	770	964
Trade and other payables	21,242	21,242	–
Corporate guarantees	1,400	1,400	–
	39,582	35,597	3,985
2013			
Non-derivative financial liabilities			
Bank loans	15,331	9,268	6,063
Loans	350	350	–
Finance lease liabilities	1,441	646	795
Bank overdrafts	94	94	–
Trade and other payables	33,930	33,930	–
Corporate guarantees	13,264	13,264	–
	64,410	57,552	6,858
Company			
2014			
Non-derivative financial liabilities			
Bank loans	9,137	7,554	1,583
Loans	2,150	2,150	–
Trade and other payables	1,121	1,121	–
Corporate guarantees	5,048	5,048	–
	17,456	15,873	1,583
2013			
Non-derivative financial liabilities			
Bank loans	14,241	8,178	6,063
Loans	350	350	–
Trade and other payables	17,578	17,578	–
Corporate guarantees	14,264	14,264	–
	46,433	40,370	6,063

26. Financial risk management (continued)

(d) Capital risk

The Board's policy is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity and the level of dividends to the ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the borrowers to maintain a gearing ratio of not exceeding 1.25 times (2013: 1.25 times).

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Net debt (interest-bearing debt)	14,029	15,912	8,798	13,432
Net Tangible worth	68,428	76,293	193,844	201,026
Total capital	82,457	92,205	202,642	214,458
Gearing ratio (times)	0.17	0.17	0.04	0.06

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2013 and 2014.

26. Financial risk management (continued)

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

	Level 1 $'000
Group	
2014	
Assets	
Available-for-sale financial assets	756

	Level 1 $'000
Group	
2013	
Assets	
Available-for-sale financial assets	24,795

The fair value of available-for-sale securities traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying amounts of current borrowings approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 14 to the financial statements, except for the following:

	Group		**Company**	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Loans and receivables	98,297	95,321	8,277	26,064
Financial liabilities at amortised cost	37,421	50,192	12,069	31,360

26. Financial risk management (continued)

(g) Financial Instruments subject to enforceable master netting arrangements

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

$'000	**Related amounts set off in the balance sheet**			**Related amounts not set off in the balance sheet**		
As at 31 December 2014	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
	Gross amounts of recognised financial assets	**Gross amounts of recognised financial liabilities set off in the balance sheet**	**Net amounts of financial assets presented in the balance sheet**	**(d)(i), (d)(ii) Financial liability**	**(d)(ii) Cash collateral received**	**Net amount**
Description						
Loan and receivables from counterparty A	9,506	(4,804)	4,702	(2,500)	–	2,202

$'000	**Related amounts set off in the balance sheet**			**Related amounts not set off in the balance sheet**		
As at 31 December 2013	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
	Gross amounts of recognised financial assets	**Gross amounts of recognised financial liabilities set off in the balance sheet**	**Net amounts of financial assets presented in the balance sheet**	**(d)(i), (d)(ii) Financial liability**	**(d)(ii) Cash collateral received**	**Net amount**
Description						
Loan and receivables from counterparty A	19,518	(9,598)	9,920	(2,500)	–	7,420

27. Related party transactions

In this financial statements, related party refers to Healthway Medical Development (Private) Limited ("HMD"), which the Group holds a 14% equity interest, and an affiliate of a director of the Group is shareholder of HMD.

In addition to the information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and HMD at terms agreed between the parties:

(a) Related party transactions

	Group	
	2014	**2013**
	$'000	**$'000**
Net advances made to related party	613	11,369
Management and administrative fees received	–	480
Acquisition of available-for-sale financial asset from a related party	–	30,346

(b) Key management personnel compensation

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

Key management personnel compensation comprised:

	Group	
	2014	**2013**
	$'000	**$'000**
Wages and salaries	1,022	1,019
Employer's contribution to defined contribution plans, including Central Provident Fund	45	57
	1,067	1,076

Included above are directors' remuneration amounting $568,790 (2013: $250,925).

28. Segment information

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") that are used to make strategic decisions. The CODM considers the business from both a geographic and business segment perspective and regularly reviews internal management reports for each of the business units.

Business segments

The Group has two reportable segments, as described below, which are the Group's strategic business units.

- Primary Healthcare comprising family medicine, dentistry, healthcare benefit management and investment in strategic medical related business; and
- Specialist and Wellness Healthcare comprising paediatrics, orthopaedics, aesthetic medicine, obstetrics and gynaecology.

Geographical segments

The Group's operations are mainly in Singapore and China.

Major customer

The Group does not rely on a single external customer for 10% or more of the Group's revenue.

The segment information provided to the CODM for the reportable segments are as follows:

	Singapore		China	
	Primary Healthcare $'000	Specialist and wellness healthcare $'000	Specialist and wellness healthcare $'000	Total $'000
2014				
Sales				
Total segment sales and sales to external parties	46,233	39,184	249	85,666
EBITDA	10,776	252	(39)	10,989
Less: Net gain on disposal of available-for-sale financial asset	(13,038)	–	–	(13,038)
Adjusted EBITDA	(2,262)	252	(39)	(2,049)
Depreciation	612	733	7	1,352
Amortisation	290	–	2	292

28. Segment information (continued)

	Singapore Primary Healthcare $'000	Singapore Specialist and wellness healthcare $'000	China Specialist and wellness healthcare $'000	Total $'000
2013				
Sales				
Total segment sales and sales to external parties	48,771	31,732	98	80,601
EBITDA	48,956	(3,088)	(13,043)	32,825
Less: Net gain on disposal of available-for-sale financial asset	(43,302)	–	–	(43,302)
Adjusted EBITDA	5,654	(3,088)	(13,043)	(10,477)
Depreciation	605	692	12	1,309
Amortisation	289	–	3	292

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

The CODM assesses the performance of the operating segments based on a measure of Earnings before interest tax, depreciation and amortisation ("Adjusted EBITDA") for continuing operations. This measurement basis excludes the effects of net gain on the disposal of available-for-sale financial assets that are not expected to recur regularly in every period which are separately analysed.

(a) Reconciliations

(i) Segment profits

A reconciliation of Adjusted EBITDA to profit before tax is as follows:

	Group 2014 $'000	Group 2013 $'000
Adjusted EBITDA for reportable segments	(2,049)	(10,477)
Net gain on disposal of available-for-sale financial asset	13,038	43,302
Depreciation	(1,352)	(1,309)
Amortisation	(292)	(292)
Interest income	1,738	1,397
Finance expenses	(1,150)	(1,898)
Profit before tax	9,933	30,723

28. Segment information (continued)

(b) Geographical information

	Sales for continuing operations	
	2014	**2013**
	$'000	**$'000**
Singapore	85,417	80,503
China	249	98
	85,666	80,601

29. Commitments

(a) Loan commitments

Loan commitments granted to the owners of medical centres in China are denominated in Chinese Renminbi and the undrawn commitments will expire in December 2015. Undrawn Chinese Renminbi loan commitments at the balance sheet date amounted to Singapore dollar equivalent of approximately $1,745,000 (2013: $534,000).

(b) Operating lease commitments - where the Group is a lessee

The Group leases a number of commercial and office premise under non-cancellable operating lease agreements. The leases typically run for an initial period of two to three years, with an option to renew the lease after that date.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Not later than one year	7,134	6,135
Between one and five years	5,149	4,481
	12,283	10,616

29. Commitments (continued)

(c) Corporate Guarantees

The Company has issued corporate guarantees to banks and to a financial institution for credit facilities granted to its subsidiaries and a non-related party as below:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Corporate guarantees provided:				
- on subsidiaries' loans	–	–	3,648	1,000
- on loans to a related party's subsidiary	–	5,672	–	5,672
- on non-related party's loan	1,400	7,592	1,400	7,592
	1,400	13,264	5,048	14,264

30. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 or later periods and which the Group has not early adopted:

- FRS 103 Business Combinations (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32 Financial instruments: Presentation. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

  The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

  The Group will apply this amendment for business combinations taking place on/after 1 January 2015.

30. New or revised accounting standards and interpretations (continued)

- FRS 108 Operating Segments (effective for annual periods beginning on or after 1 July 2014).

  The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

  The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

  The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 113 Fair Value Measurement (effective for annual period beginning on or after 1 July 2014)

  The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

31. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Healthway Medical Corporation Limited on 2 April 2015.

As at 16 March 2015

Issued and fully paid	:	S$207,700,599
Number of shares with voting rights	:	2,308,236,183
Number of Treasury Shares held	:	18,698,000 (0.81%)[(1)]
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 65.90% of the issued ordinary shares of the Company were held in the hands of the public as at 16 March 2015 and therefore Rule 723 of the Rules of Catalist is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	Percentage	Number of Shares	Percentage
1 – 99	235	2.36	8,008	0.00
100 – 1,000	521	5.23	315,635	0.01
1,001 – 10,000	1,723	17.30	10,002,324	0.43
10,001 – 1,000,000	7,335	73.65	805,203,803	34.89
1,000,001 and above	145	1.46	1,492,706,413	64.67
TOTAL	**9,959**	**100.00**	**2,308,236,183**	**100.00**

TWENTY LARGEST SHAREHOLDERS

S/N	Name of Shareholder	Shares Held	Percentage
1	RHB SECURITIES SINGAPORE PTE. LTD.	389,598,582	16.88
2	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	156,405,064	6.78
3	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	139,810,205	6.06
4	CITIBANK NOMINEES SINGAPORE PTE LTD	91,055,822	3.94
5	HONG LEONG FINANCE NOMINEES PTE LTD	82,484,750	3.57
6	PHILLIP SECURITIES PTE LTD	70,958,195	3.07
7	OCBC SECURITIES PRIVATE LIMITED	62,467,019	2.71
8	HANIF MOEZ NOMANBHOY	28,613,811	1.24
9	RAFFLES NOMINEES (PTE) LIMITED	27,917,763	1.21
10	UOB KAY HIAN PRIVATE LIMITED	23,827,250	1.03
11	CIMB SECURITIES (SINGAPORE) PTE. LTD.	19,047,703	0.83
12	DBS NOMINEES (PRIVATE) LIMITED	17,868,306	0.77
13	JONG HEE SEN	17,127,607	0.74
14	DB NOMINEES (SINGAPORE) PTE LTD	15,421,575	0.67
15	ANJU SHARMA W/O KIRPA RAM	15,281,500	0.66
16	TAN KHEEN SENG @ JOHN	14,616,774	0.63
17	BANK OF SINGAPORE NOMINEES PTE. LTD.	13,417,395	0.58
18	MAYBANK KIM ENG SECURITIES PTE. LTD.	11,528,189	0.50
19	GOH LEONG HAI	10,000,000	0.43
20	TEH KIU CHEONG @ TEONG CHENG @ CHENG CHIU CHANG	8,000,000	0.35
	TOTAL	**1,215,447,510**	**52.65**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	Number of Shares	%(1)	Number of Shares	%(1)
Fan Kow Hin(2)	–	–	444,142,812	19.24
Dr Jong Hee Sen(3)	17,127,607	0.74	120,668,095	5.23
One Organisation Limited(4)	–	–	233,617,252	10.12
Aathar Ah Kong Andrew(5)	768,046	0.03	204,161,287	8.85
Chee Yin Meh(6)	–	–	444,142,812	19.24

Notes:

(1) Percentage calculated based on 2,308,236,183 voting Shares as at 16 March 2015.

(2) Fan Kow Hin is deemed to be interested in 233,617,252 Shares registered in the name of a nominee account for which the beneficiary is One Organisation Limited ("OOL") by virtue of his shareholding in OOL, 66,875,000 Shares registered in the name of a nominee account for which the beneficiary is One Organisation Pte Ltd ("OOPL"), by virtue of his shareholding in OOPL and 143,650,560 Shares registered in the name of a nominee account.

(3) Dr Jong Hee Sen is deemed to be interested in 120,668,095 Shares registered in the names of various nominee accounts.

(4) OOL is deemed to be interested in 233,617,252 Shares registered in the name of a nominee account.

(5) Aathar Ah Kong Andrew is deemed to be interested in 204,161,287 Shares in which 200,717,287 Shares registered in various nominee accounts and 3,444,000 Shares are held by his brother, Aathar Ah Tuk Henry.

(6) Chee Yin Meh is deemed to be interested in 444,142,812 Shares in which 143,650,560 Shares are registered in the name of a nominee account for which the beneficiary is Fan Kow Hin ("Spouse"), 233,617,252 Shares registered in the name of a nominee account for which the beneficiary is OOL by virtue of her and her Spouse's shareholdings in OOL, and 66,875,000 Shares registered in the name of a nominee account for which the beneficiary is OOPL by virtue of her Spouse's shareholdings in OOPL.

NOTICE IS HEREBY GIVEN that the eighth Annual General Meeting ("**AGM**") of Healthway Medical Corporation Limited (the "**Company**") will be held at The National University of Singapore Society, Suntec City Guild House, Campus and College Room, 3 Temasek Boulevard #02-401/402 Suntec City Mall, Singapore 038983 on Wednesday, 29 April 2015 at 10.30 a.m., for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees up to S$320,000 (2014: S$300,000) for the financial year ending 31 December 2015 to be paid quarterly in arrears (see explanatory note 1). **(Resolution 2)**

3. To re-elect the following Directors retiring by rotation under Article 98 of the Company's Articles of Association:-

   Mr Pee Tong Lim (see explanatory note 2) **(Resolution 3)**
   Mr Syed Abu Bakar Bin S Mohsin Almohdzar (see explanatory note 3) **(Resolution 4)**

4. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. To transact any other business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions (with or without amendments) as ordinary resolutions:-

6. **Ordinary Resolution: The Proposed General Share Issue Mandate (the "Share Issue Mandate")**

   "That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), and Rule 806 of the Listing Manual (Section B: Rules of Catalist) (the "**Rules of Catalist**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the directors of the Company (the "**Directors**") to:-

   (a) (i) allot and issue shares in the capital of the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit;

(b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force,

provided always that:-

(i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed one hundred per cent (100%) of the total issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (the "**Shareholders**") (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) shall not exceed fifty per cent (50%) of the total issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of total issued Shares shall be based on total issued Shares (excluding treasury shares) at the time of passing this resolution, after adjusting for:-

(1) new Shares arising from the conversion or exercise of any convertible securities outstanding at the time this authority is given;

(2) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of passing this resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this resolution, the Directors shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, and the Company's Articles of Association for the time being; and

(d) (unless revoked or varied by the Company in a general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."
(see explanatory note 4) **(Resolution 6)**

7. **Ordinary Resolution: The Proposed Renewal of Shareholders' Mandate for Interested Person Transactions**

"That:-

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Rules of Catalist, for the Company, its subsidiaries and associated companies, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the addendum to this Annual Report for the financial year ended 31 December 2014 ("**Addendum I**"), provided that such transactions are made on normal commercial terms and in accordance with the review procedures for the interested person transactions as set out in the Addendum I ("**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the next annual general meeting of the Company is held or is required by law to be held; and

(c) the Directors be and are hereby authorised to take such steps, approve all matters and enter into all such transactions, arrangements and agreements and execute all such documents and notices as may be necessary or expedient for the purposes of giving effect to the IPT Mandate as such Directors or any of them may deem fit or expedient or to give effect to this resolution."
(see explanatory note 5) **(Resolution 7)**

8. **Ordinary Resolution: The Proposed Renewal of Share Buy Back Mandate**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined) described in the addendum to this Annual Report for the financial year ended 31 December 2014 ("**Addendum II**"), whether by way of:-

(i) market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other provisions of the Companies Act and the Rules of Catalist as may for the time being be applicable (the "**Share Buy Back Mandate**");

(b) any share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earlier of:-

(i) the date on which the next annual general meeting of the Company is held or is required by law to be held;

(ii) the date on which the share buy back is carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

(d) for purposes of this resolution:-

"**Prescribed Limit**" means ten per cent (10%) of the shares as at the date of passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the shares shall be taken to be the amount of the shares as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier, after the date of this resolution;

"**Maximum Price**" in relation to a share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:-

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of a share over the last five (5) market days, on which transactions in the shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**market day**" means a day on which the SGX-ST is open for trading in securities; and

any of the Directors be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this resolution."
(see explanatory note 6) **(Resolution 8)**

BY ORDER OF THE BOARD

Wee Woon Hong
Lee Hock Heng
Company Secretaries

13 April 2015
Singapore

Explanatory Notes:-

1. The ordinary resolution 2 proposed in item 2 above is to seek approval for the payment of up to S$320,000 as directors' fees on a current year basis, that is for the financial year ending 31 December 2015. In the event that the amount proposed is insufficient, approval will be sought at next year's annual general meeting for payments to meet the shortfall.

2. Mr Pee Tong Lim will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee of the Company. He will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

3. Mr Syed Abu Bakar Bin S Mohsin Almohdzar will, upon re-election as a Director of the Company, remain as the member of the Audit Committee and Remuneration Committee of the Company. He will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

4. Under the Rules of Catalist, a share issue mandate approved by shareholders as an ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and/or convertible securities of the issuer of up to one hundred per cent (100%) of the total issued shares (excluding treasury shares) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and/or convertible securities to be issued other than on a pro rata basis to existing shareholders must be not more than fifty per cent (50%) of the total issued shares of the issuer (excluding treasury shares).

   The Directors are of the opinion that the Share Issue Mandate will enable the Company to respond faster to business opportunities and to have greater flexibility and scope in negotiating with third parties in potential fund raising exercises or other arrangements or transactions involving the capital of the Company.

   The ordinary resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of the AGM until the date of the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to allot and issue shares and/or convertible securities in the capital of the Company. The aggregate number of shares and convertible securities which the Directors may allot and issue under this resolution, shall not exceed one hundred per cent (100%) of the Company's issued share capital of which the aggregate number of shares and/or convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not exceed fifty per cent (50%) of the Company's issued share capital (excluding treasury shares) at the time of passing of this resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

5. The ordinary resolution 7 proposed in item 7 above, if passed, will authorise the interested person transactions as described in the Addendum I and recurring in the year and will empower the Directors, from the date of the AGM until the date the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to do all acts necessary to give effect to the IPT Mandate. The rationale for and categories of interested person transactions pursuant to the IPT Mandate are set out in greater detail in the Addendum I accompanying this Annual Report.

6. The ordinary resolution 8 proposed in item 8 above, if passed, will empower the Directors from the date of the AGM until the date of the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to ten per cent (10%) of the total number of shares (excluding treasury shares) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the source of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Addendum II accompanying this Annual Report.

Notes:-

(i) A member of the Company entitled to attend and vote at the AGM may appoint not more than two (2) proxies to attend and vote instead of him.

(ii) Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 2 Leng Kee Road, #06-07 Thye Hong Centre, Singapore 159086 not less than 48 hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. Your and your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share register and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

HEALTHWAY MEDICAL CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 200708625C)

PROXY FORM

ANNUAL GENERAL MEETING

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2015. "Personal data" in this proxy form has the same meaning as "personal data" in the Personal Data Protection Act 2012 ("PDPA"), which includes your and your proxy's and/or representative's name, address and NRIC/Passport No.

I/We, ______________________________ (Name)

of ______________________________ (Address)

being a *member/members of Healthway Medical Corporation Limited (the "**Company**") hereby appoint:-

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

*and/or

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing *him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf and, if necessary to demand a poll, at the AGM of the Company to be held at The National University of Singapore Society, Suntec City Guild House, Campus and College Room, 3 Temasek Boulevard #02-401/402 Suntec City Mall, Singapore 038983 on 29 April 2015 at 10.30 a.m. and at any adjournment thereof.

* Delete accordingly

No.	Ordinary Resolutions relating to:-	To be used on a show of hands		To be used in the event of a poll	
		For[1]	Against[1]	Number of Votes For[2]	Number of Votes Against[2]
1.	Adoption of Directors' Report and Audited Accounts for the financial year ended 31 December 2014				
2.	Approval of Directors' Fees of up to S$320,000 for the financial year ending 31 December 2015 to be paid quarterly in arrears				
3.	Re-election of Mr Pee Tong Lim as a Director of the Company				
4.	Re-election of Mr Syed Abu Bakar Bin S Mohsin Almohdzar as a Director of the Company				
5.	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration				
6.	Authority to issue and allot shares pursuant to the Share Issue Mandate				
7.	Renewal of the Interested Person Transaction Mandate				
8.	Renewal of Share Buy Back Mandate (Note: The vote of this resolution will be conducted by poll)				

1 Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of AGM.
2 If you wish to exercise all your votes "For" or "Against", please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ______________ 2015

Total Number of Shares held

____
Signature(s) of Shareholder(s)/or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

3. The instrument appointing the a proxy or proxies must be deposited at the Company's registered office at 2 Leng Kee Road, #06-07 Thye Hong Centre, Singapore 159086 not less than 48 hours before the time appointed for the AGM.

4. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. (100%) of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

8. The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the AGM if he/she so wishes.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 48 hours before the time appointed for holding the AGM, as certified by the Depository to the Company.

Fold along this line (1)

AFFIX
STAMP

HEALTHWAY MEDICAL CORPORATION LIMITED

2 Leng Kee Road
#06-07 Thye Hong Centre
Singapore 159086

Fold along this line (2)

Healthway Medical Corporation Limited
Company Registration 200708625C

2 Leng Kee Road #06-07 Thye Hong Centre Singapore 159086
Tel: +65 6323 4415 / 6323 4416
Fax: +65 6479 5347

www.healthwaymedical.com