HEALTHWAY MEDICAL

Always Caring, Always Personal

Annual Report 2015

CONTENTS

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

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

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**

Physio Advance Clinic at 111 Somerset Road, Singapore

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.

CORPORATE PROFILE

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 Healthcare, 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, patient 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 and life-style, amongst other factors to improve patients' well-being.

Through our network of clinics, we aim to provide convenience to our patients to access quality and affordable healthcare. In addition, through our participation in the Community Health Assist Scheme (CHAS) and Pioneer Generation Package, we are able to offer better care and service to Singaporean with chronic diseases to better manage their conditions.

Family Medicine

Our integrated primary healthcare 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 the full 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.

SPECIALIST AND WELLNESS HEALTHCARE DIVISION

Operating from a centralised platform, the Group is able to leverage on clinical and other resources among each of our

Dr Leslie Ng, Senior Consultant and Orthopaedic Surgeon, Island Orthopaedic Consultants at 820 Thomson Road, Mount Alvernia Hospital, Singapore

CORPORATE PROFILE

medical specialty groups. This enables us to serve an increasing number of patients and develop more specialist services and facilities to meet the complex 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 have specialisations 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 an 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

Dr Koh Tieh Leong, Clinic Director (Dental) at Neuglow Dental TripleOne Somerset, Singapore

CORPORATE PROFILE

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 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 enable 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 makes arrangements to educate 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 provides care to our patients in the prevention, diagnosis, investigation and treatment of respiratory and general medical conditions.

Dr John Cheng, a General Practitioner at Healthway Medical Clinic, 238 Thomson Road, Novena Square, Singapore

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 high mortality 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.

CHAIRMAN'S **MESSAGE**

"Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present to you the annual report of Healthway Medical Corporation Limited (the "Company" or "Healthway Medical" and together with its subsidiaries, the "Group") for the financial year ended 31 December 2015 ("FY2015")."

CHAIRMAN'S MESSAGE

OUR PERFORMANCE

For FY2015, the Group's revenue was $94.27 million, a growth of 10.04% over the preceding year. The higher revenue was largely due to improved performance in both the Specialist and Wellness Healthcare, and Primary Healthcare segments which grew by $4.24 million, a growth of 10.76% and $4.36 million, a growth of 9.44% respectively, over the previous year. This revenue growth in the Specialist and Wellness Healthcare, division is part of the Group's strategic higher value creation plan.

Net profit after tax in FY2015 was S$1.68 million as compared to S$9.84 million in FY2014. This is attributable to a decrease in other income and gains by S$13.25 million or 62.78% from S$21.11 million for FY2014 to S$7.86 million for FY2015. The Company reported to a lower gain on disposal of available for-sale financial assets by S$12.31 million from S$13.04 million in FY2014 to S$0.73 million in FY2015, as the major portion of available-for-sale financial assets had been disposed in the open market during FY2014. The Company also reported a decrease in the recovery of staff cost by $1.10 million from S$4.40 million in FY2014 to S$3.30 million in FY2015, due to lower staff secondment fees charged to third party clinics managed by the Group during FY2015.

BUSINESS STRATEGY

We will continue to consolidate our Primary Healthcare division and position the Group to work alongside with Singapore Government to cater to subsidised programs and to the expanding market of corporate patients with flexible benefits. Through proactive marketing strategies and focus on delivering higher value medical and healthcare services, we will continue to grow our high yielding Specialist and Wellness Healthcare, services in Singapore by providing better medical continuity support to our Primary Healthcare patients.

While our medical professional and clinical staff are positioned to meet the challenges of rising demand for quality healthcare services, we will organise and design our corporate management and support teams to increase and optimise patient traffic and load at all our clinics.

CORPORATE SOCIAL RESPONSIBILITY

Healthway Medical is committed to serve the public good through creating bonds that connect its business operations to people and to deliver business responsibilities of growth and value to the interests of its stakeholders. The Group focuses on initiatives that support continuous improvement in its Corporate Social Responsibility (CSR) strategy, encouraging its doctors and medical support staff to strive for excellent performance, acting in a socially and responsible way and enriching lives through business and community activities.

Healthway Medical participates actively in the yellow ribbons projects where our aesthetic doctors help remove tattoos from ex-convicts. In addition, our dentists provide fillings for special needs patients instead of having to have their teeth extracted, our psychiatrists help out at churches by providing counselling and our paediatricians provide education at welfare homes.

SCHEME OF ARRANGEMENT

On 19 June 2015, the Company announced the proposed acquisition of the entire issued and paid-up ordinary shares in the capital of the Company by International Healthway Corporation Limited by way of a Scheme of Arrangement ("Scheme"). Barring unforeseen circumstances, the Scheme meeting is expected to be convened on or about end May 2016. The Company has been preparing relevant materials for the document to be despatched to Shareholders in respect of the Scheme containing, *inter alia*, the notice of the Scheme Meeting, Independent Financial Advisor's opinion and details of the Scheme.

APPRECIATION

On behalf of the Board of Directors, I wish to express our deepest appreciation to all our doctors and clinical professionals for their commitment and dedication. Our sincere gratitude also goes to the management team and support staff for their invaluable contribution.

We also wish to thank our business partners, bankers and shareholders for their continued support of the Group.

We look forward to the continued success and another year of sustained growth of the Group.

Wong Ong Ming, Eric
Non-Executive Chairman

PRESIDENT'S MESSAGE

"For FY2015, the Group achieved revenue growth of 10.04% over FY2014. This compares to revenue growth for FY2014 over FY2013 of 6.28%. The growth in revenue was led by our Specialist and Wellness Healthcare Division, including SBCC paediatrics clinics and Island Orthopaedics Consultants (IOC)."

PRESIDENT'S MESSAGE

The better performance is gaining traction due to the various business improvement programmes implemented which included doctor engagement, enhanced integration of our Primary Healthcare and Specialist and Wellness Healthcare division, operational efficiency and cost and productivity improvements leveraging on information technology (IT).

PRIMARY HEALTHCARE DIVISION

The Primary Healthcare division has achieved 9.44% revenue growth in FY2015, compared to decline of 5.20% in FY2014. The Dental division has achieved a 22.98% revenue growth in FY2015 compared to FY2014.

Joint Clinics

The Group opened 11 new joint clinics ("Joint Clinics") in easy access locations in the HDB heartland. Joint Clinics are one-stop service clinics providing both General Practitioner and Dental services.

We will continue to add more Joint Clinics to our island wide network of clinics that are conveniently located and well distributed throughout Singapore.

Public Healthcare Support

Our Group continues to play an active role in support of the Public Healthcare sector and beneficiaries of the Community Health Assist Scheme (CHAS) and Pioneer Generation (PG) government schemes. Through the joint efforts of working with some of the public sector healthcare organisations, we are able to provide better patient care through reduced waiting time and affordable healthcare services.

SPECIALIST AND WELLNESS HEALTHCARE DIVISION

The Specialist and Wellness Healthcare division represented 46.33% of our Group's revenue in FY2015, compared to 46.03% in FY2014.

Our Group Specialist and Wellness Healthcare division has achieved an overall 10.76% revenue growth in FY2015.

The SBCC division lead the growth, with new paediatrics clinics located at the community heartland contributing significantly through our collaboration and partnership initiatives with childcare services.

Moving forward, we will explore setting up more Paediatric clinics in the community heartland through providing more patient convenient locations for easy access while maintaining gold standards in paediatric care.

The Island Orthopaedic Consultants (IOC) division achieved a revenue growth of 18.55% in FY2015 compared to FY2014 largely through the enhancement of the range of orthopaedic sub-specialties and the increased collaboration of our wide spectrum of medical services of the Group.

Patient Touch Point

We continue to focus on our Group's core value of "Always caring, Always personal" in relation to patient touch point and patient care experiences.

To this end, we have completed structured customer services training programmes for the Primary Healthcare clinics frontline service staff in FY2015. Such training will be extended to the Specialists service clinics staff in the next phase.

Wong Yee Kong Andrew
President, Healthway Medical Corporation Limited

BOARD OF DIRECTORS

Mr Wong Ong Ming Eric

Non –Executive Non-Independent Chairman

Mr Wong was appointed as the Non-Executive Non-Independent Chairman on 5 May 2015.

Mr. Wong embarked on his career with the Singapore Police Force as a police officer, holding the highest rank of acting assistant superintendent.

He has held various positions, namely the senior personnel executive at Fairchild Semiconductor (S) Pte Ltd; personnel and security director at SGS-Thomson Microelectronics – Singapore; human resource and security director at TECH Semiconductor (S) Pte Ltd; human resource and security director at Universal Gateway International Pte Ltd, and Director for Central Services in Healthway Medical Corporation Limited ("HMC"), where he was responsible for human resource and general management functions.

His last posting before being appointed as a Non-Executive Non-Independent Chairman of HMC was Non Executive Director of International Healthway Corporation Limited and Director of Healthway Medical Enterprises Pte Ltd.

Mr Yeow Ming Ying

Non-Executive Director

Mr Yeow was appointed as the President, Medical Services Singapore on 1 December 2012 and was subsequently appointed as an Executive Director on 10 March 2014. He was last re-elected on 29 April 2014. With effect from 1 March 2016, he ceased to be the President, Medical Services Singapore and was re-designated to Non-Executive Director.

As the President, Medical Services Singapore, of the Company, Mr Yeow was 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 3 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 29 April 2015.

Mr Pee started his career in 1973 when he joined Asian International Merchant Bank Berhad, a merchant bank in Kuala Lumpur, Malaysia. His last position with the bank in 1981 was that of Corporate Finance Manager.

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

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

In 2000, Mr Pee joined Yeo Hiap Seng Limited as Vice President of Corporate Development and later moved on to Far East Organisation where he held various positions during his tenure from 2002 to 2004 ,the last being Deputy Director of Industrial Properties in the Marketing and Business Development Division.

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

BOARD OF DIRECTORS

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 29 April 2015.

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 which is 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 Limited 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.

Mr Yuen holds a BBA degree from National University of Singapore. He also hold 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 Wong Yee Kong Andrew
(President) (Appointed on 1 March 2016)

Mr Kelvin Chen
(Vice-President, Healthcare Services)

Dr Bernard Cheong
(Head, Primary Care Division)

Mr Ang Wee Hon
(Head, Primary Care Division - Operations)

Mr Lim Heng Seng
(Head, Corporate Sales)

Mr Chew Khong Yuen
(Financial Controller) (Appointed on 21 March 2016)

Mr Kyaw Kyaw Thein
(Head of Shared Services)

ADVISORY & CLINICAL LEADERS

Dr Philip Koh
(Chairman, Medical Board)

Dr Ooi Lai Hock
(Medical Director, Orthopaedic Practice)

Ms Sanveen Kaur Kang
(Principal, Child Development Centre)

Dr Wong Chin Khoon
(Medical Director, Paediatric Practice)

Dr Gerard Tan
(Medical Director, NeuGlow Aesthetics)

Dr Tregon Singh Randhawa
(Assistant Medical Director, Health Screening)

Dr Marcus Tan
(Medical Director, Specialist Practice)

Dr Koh Tieh Leong
(Clinical Director, Dental)

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Wong Ong Ming Eric
(Non-Executive Non-Independent Chairman)

Yeow Ming Ying
(Non-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
Sonny Yuen Chee Choong
(Chairman)
Wong Ong Ming Eric
Kuek Chiew Hia
Pee Tong Lim

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

EXECUTIVE COMMITTEE
Wong Ong Ming Eric
(Chairman)
Pee Tong Lim
Syed Abu Bakar Bin S Mohsin Almohdzar

COMPANY SECRETARIES
Wee Woon Hong
Srikanth Rayaprolu

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www.healthwaymedical.com

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50 Raffles Place
#32-01 Singapore Land Tower
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

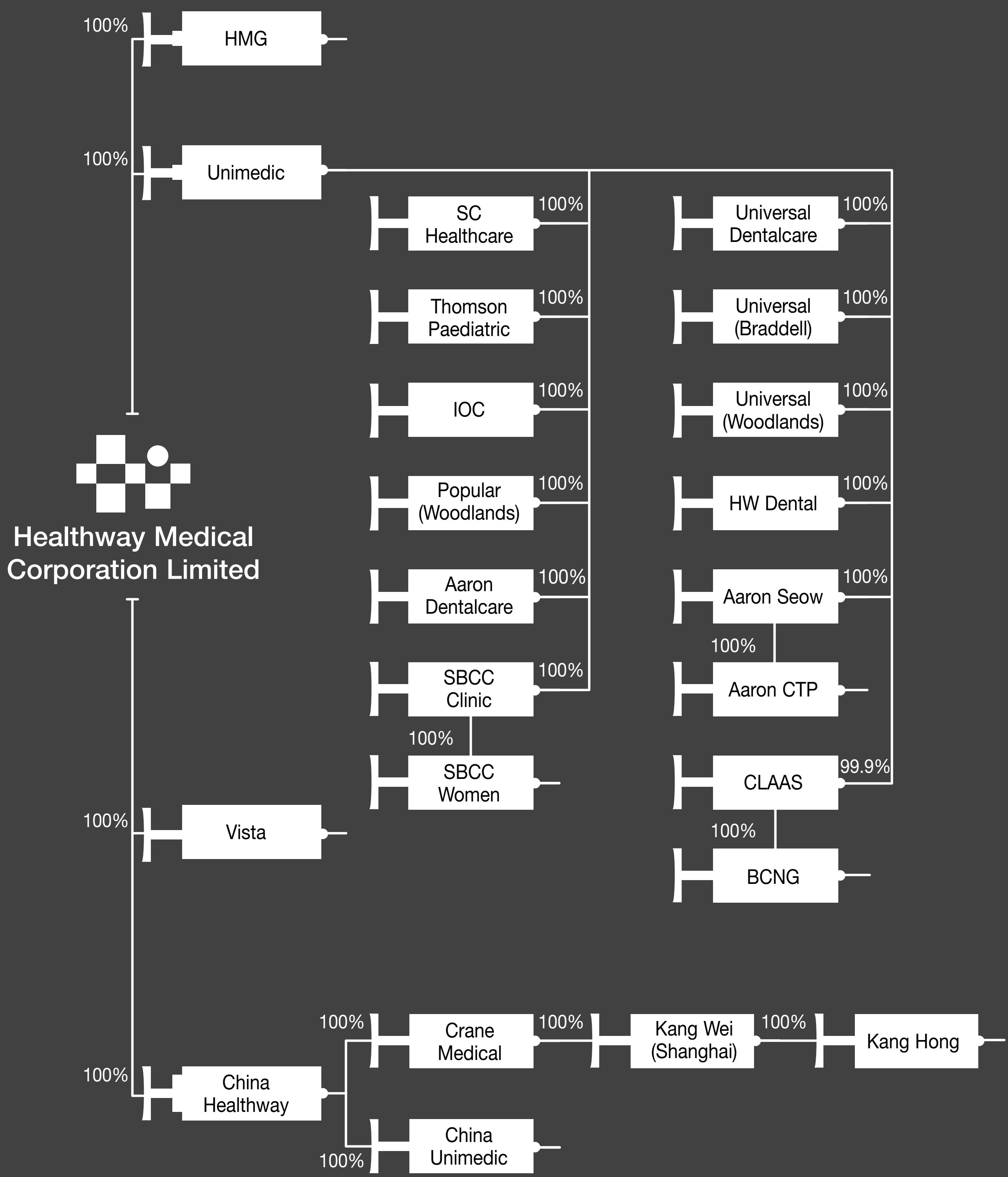
PRINCIPAL BANKERS
DBS Bank Limited
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

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

Australia and New Zealand Banking Group Ltd
10 Collyer Quay
Level 20 Ocean Financial Centre
Singapore 049315

OUR GROUP STRUCTURE

as at 31 December 2015



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
"Popular (Woodlands)"	:	Popular Dental (Woodlands) Pte. Ltd.
"SBCC Clinic"	:	SBCC Clinic 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.

REPORT OF CORPORATE GOVERNANCE

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") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in January 2015 (the "**Guide**"). The Company has complied with the principles and guidelines as set out in the Code and the Guide where appropriate, and deviations from the Code and the Guide 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:-

Wong Ong Ming, Eric (Non-Executive Non-Independent Chairman)
Yeow Ming Ying (Non-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.

REPORT OF CORPORATE GOVERNANCE

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 Constitution ("Constitution") 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 2015 ("FY2015") are disclosed as follows:-

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Wong Ong Ming, Eric[(1)]	8	5	–	–	–	–	–	–
Yeow Ming Ying	8	8	–	–	–	–	–	–
Sonny Yuen Chee Choong	8	8	5	5	1	1	–	–
Kuek Chiew Hia	8	8	5	5	1	1	2	2
Pee Tong Lim	8	8	5	5	1	1	2	2
Syed Abu Bakar bin S Mohsin Almohdzar	8	5	5	4	–	–	2	1
Fan Kow Hin[(2)]	8	3	–	–	1	1	–	–

Notes:

1 Mr Wong Ong Ming, Eric was appointed as the Non-Executive Non-Independent Chairman of the Company on 5 May 2015

2 Mr Fan Kow Hin resigned as the Executive Chairman of the Company on 5 May 2015

The Executive Committee did not meet during FY2015.

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 Wong Ong Ming, Eric (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.

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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 familiarize with the duties and responsibilities as a director of a listed company. The Company also encourages directors to attend training courses organized by the Singapore Institute of Directors or other training institutions in connection with their duties as directors.

Principle 2 : Board Composition and Guidance

The Board currently has six (6) Directors, comprising four (4) Independent Directors and two (2) Non-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 judgment 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 not an independent director is satisfied. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgment 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's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

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 as follows:

Balance and Diversity of the Board		
	Number of Directors	**Proportion of Board**
Core Competencies		
- Accounting or finance	3	50%
- Business management	6	100%
- Legal or corporate governance	6	100%
- Relevant industry knowledge or experience	6	100%
- Strategic planning experience	6	100%
- Customer based experience or knowledge	6	100%

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Hence, the NC is of the view that the current Board and Board Committees comprise of persons who as a group provide capabilities required for the Board and Board Committees to be effective.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

Principle 3: Role of Chairman and Chief Executive Officer

Mr Wong Ong Ming, Eric is the Non-Executive Non-Independent Chairman while Mr Wong Yee Kong Andrew is the President of the Company. Mr Wong Yee Kong Andrew 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, and 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 Wong Yee Kong Andrew oversees the medical practice groups of the Primary Healthcare, Specialist Healthcare & Wellness 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. During FY2015, the Independent Directors have met at least once in the absence of Management.

Principle 4 : Board Membership

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

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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. Pursuant to his appointment as a Director of the Company by the Board, the candidate will be required to 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 Constitution, one third (1/3) of the Board is to retire by rotation and subject themselves to 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 has recommended to the Board that Mr Yeow Ming Ying and Ms Kuek Chiew Hia be nominated for re-election at the forthcoming AGM pursuant to Article 98 of the Company's Constitution. In making the recommendations, the NC had considered the Director's overall contributions and performance. Ms Kuek Chiew Hia will, upon re-election as a Director of the Company, remain as an Independent Director and Chairman of the RC and a member of the AC and NC. Ms Kuek Chiew Hia 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 ("Rules of Catalist").

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Under Article 102 of the Company's Constitution, any new Director so appointed by the Directors shall hold office until the next annual general meeting of the Company and shall be eligible for re-election. The NC has recommended to the Board that Mr Wong Ong Ming Eric be nominated for re-election at the forthcoming AGM pursuant to Article 102 of the Company's Constitution. Mr Wong Ong Ming Eric will, upon re-election as a Director of the Company, remain as the Non-Executive Non-Independent Chairman of the Board and a member of the NC.

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. The considerations in assessing the capacity of Directors include the following:

– Expected and/or competing time commitments of Directors;

– Geographical location of Directors;

– Size and composition of the Board; and

– Nature and scope of the Group's operations and size.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2015. 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
Wong Ong Ming, Eric	5 May 2015	–	Nil	International Healthway Corporation Limited
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	29 April 2015	Nil	Nil
Syed Abu Bakar bin S Mohsin Almohdzar	28 May 2012	29 April 2015	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 other 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 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. Accordingly, the Board has met its performance objectives.

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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.

The types of information and frequency of provision by the Management to Non-Executive Directors are as follows:

Types of information provided by key management personnel to Non-Executive Directors		
	Information	**Frequency**
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly
2.	Updates to the Group's operations and the markets in which the Group operates in	Quarterly
3.	Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and external auditor's report(s)	Half-yearly
4.	Reports on on-going or planned corporate actions	Quarterly
5.	Enterprise risk framework and internal auditors' ("IA") report(s)	Annually
6.	Research report(s)	Half-yearly
7.	Shareholding statistics	Half-yearly

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 Board procedures are followed and that the requirements of the Companies Act (Chapter 50) of Singapore, and the provisions in the 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.

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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 package for the President. 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 Non-Executive 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 Non-Executive Directors. The fees are subject to approval by Shareholders at the AGM.

Mr Wong Ong Ming, Eric, the Company's Non-Executive Chairman and Mr Sonny Yuen Chee Choong, the Company's Independent Director, have each entered into a Management Consultancy Agreement dated 2 November 2015 with Healthway Medical Group Pte. Ltd., the Company's wholly-owned subsidiary, for a period of five months commencing from 2 November 2015. Mr Wong Ong Ming, Eric is entitled to a monthly fee of S$2,500. Further details of the Management Consultancy Agreement with Mr Sonny Yuen Chee Choong can be found in the section titled "Interested Person Transactions" in this annual report. Except as disclosed in this Annual Report, the Independent Directors do not receive any other compensation from the Company.

The Company had entered into a service agreement with Mr Wong Yee Kong Andrew with effect from 1 March 2016 for his appointment as President of the Company.

The review of the remuneration of the executive director and 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 determined based on the level of achievement of corporate and individual performance objectives.

The following performance conditions were chosen for the Group to remain competitive and to motivate the executive director and executive officers to work in alignment with the goals of all stakeholders:

Performance Conditions	**Short-term Incentives**	**Long-term Incentives**
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors	Current market and industry practices

Notwithstanding the challenging environment in FY2015, the RC is satisfied that the performance conditions were met for FY2015.

There are no termination, retirement or any post-employment benefits to directors and key officers.

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

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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 FY2015 are set out below:

Name of Director	Fee %	Salary %	Bonus %	Benefits* %	Total %
S$250,000 to S$499,999					
Yeow Ming Ying [1]	0	74	20	6	100
Below S$250,000					
Wong Ong Ming, Eric[2]	100	0	0	0	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
Fan Kow Hin[3]	0	59	13	28	100

Notes:-

(1) Mr Yeow Ming Ying resigned as President, Medical Service Singapore of the Company and was redesignated to Non-Executive Director on 1 March 2016

(2) Mr Wong Ong Ming, Eric was appointed as the Non-Executive Non-Independent Chairman of the Company on 5 May 2015

(3) Mr Fan Kow Hin resigned as the Executive Chairman of the Company on 5 May 2015

* 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 or the President in remuneration bands of S$250,000 are set out below for FY2015.

	Number of employees
S$250,000 to S$499,999	2
Below S$250,000	3

The Code recommends that the name and the remuneration of at least the top five (5) key executives who are not also Directors or the President (equivalent to a Chief Executive Officer) 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 FY2015.

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 any 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 Non-Executive Director, Mr Yeow Ming Ying who was the President, Medical Services Singapore for FY2015 and the Financial Controller, Mr Chew Khong Yuen that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2015 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 2015 (the "Assurance").

Notwithstanding that Mr Chew Khong Yuen, the Financial Controller of the Company was only appointed to this position on 21 March 2016 which is subsequent to FY2015, Mr Chew Khong Yuen, based on *inter alia*, his involvement in the finalisation of the audited financial statements of the Group for FY2015, review of work performed by the finance team of the Company for FY2015, as well as interactions with the finance team of the Company, is able to provide 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 2015.

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.

The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.

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;

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– 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. The AC has met with the external and internal auditors, without the presence of Management during FY2015.

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 FY2015 are as follows:-

Audit fees	S$567,000
Non-audit fees	–
Total	S$567,000

The AC will review the independence of the external auditors annually. There was no non-audit service rendered by the external auditors for FY2015. 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 ("Yang Lee"), 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 FY2015. The AC is satisfied that Yang Lee is adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies) and resourced and has the appropriate standing within the Group to discharge its duties effectively.

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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 to update Shareholders on the activities of the Company and the Group in FY2015.

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.

In addition, if the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as platforms to solicit and understand the view of shareholders and investors.

The Company does not have a dedicated investor relations team. The Company's President, Mr Wong Yee Kong is responsible for the Company's communication with shareholders.

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 Constitution 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. In line with the amendments to the Companies Act, Chapter 50 of Singapore, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than two proxies to attend and vote on their behalf at general meetings.

Separate resolutions are proposed at general meetings for each distinct issue. All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.

The Company does not have a fixed dividend policy. The Board had not declared or recommended dividend payment for FY2015 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 FY2015 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	–	–[1]
Sonny Yuen Chee Choong	S$110,000[2]	–

Notes:

(1) The Group has obtained a general mandate from shareholders for IPTs between the Group and Healthway Medical Development (Private) Limited ("HMD"). There were no IPTs between the Group and HMD during FY2015.

(2) A Management Consultancy Agreement dated 2 November 2015 was entered between Healthway Medical Group Pte Ltd ("HMG"), a wholly-owned subsidiary of the Company, and Sonny Yuen Chee Choong ("Sonny"), an Independent Director of the Company. The Management Consultancy Agreement is for a period of five months commencing 2 November 2015 and Sonny is entitled to a monthly fee of S$22,000. The value of the interested person transaction in respect of the Management Consultancy Agreement is S$110,000. His key duties are, *inter alia*, reviewing and advising HMG on the process flow of billing and invoicing corporate clients and trading partners and analysing collection process to improve collection of overdue receivables.

Non-Sponsor Fees

No non-sponsor fees was paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2015.

REPORT OF CORPORATE GOVERNANCE

Material Contracts and Loans

The following are the material contracts that are still subsisting at the end of FY2015 or if not then subsisting, which were entered into since the end of the previous financial year:

(i) service agreement between the then Executive Director and the Company;

(ii) the Management Consultancy Agreement entered into between Mr Sonny Yuen Chee Choong and HMG, further details of which are disclosed in the section titled "Interested Person Transaction" in this annual report; and

(iii) an implementation agreement ("Implementation Agreement") dated 19 June 2015 entered by the Company with International Healthway Medical Corporation Limited ("IHC") to acquire the entire paid-up share capital of the Company by way of a scheme of arrangement in accordance with Section 210 of the Companies Act, Chapter 50 of Singapore and the Singapore Code on Take-overs and Mergers (the "Scheme"). Mr Fan Kow Hin, a controlling Shareholder of the Company, is also a controlling shareholder of IHC. Further details on the Scheme can be found in the announcements made by the Company on SGXNET dated 19 June 2015, 1 July 2015, 3 September 2015, 16 September 2015, 21 September 2015, 30 December 2015 and 23 February 2016.

Pursuant to Rule 1204(8) of the Rules of Catalist, the Company confirms that except as disclosed in the Report of Directors, Financial Statements and the above material contracts, there were no other material contracts and loans of the Company and its subsidiaries involving the interest of any Director of controlling shareholder of the Company, either still subsisting at the end of FY2015 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.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 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 38 to 97 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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.

Directors

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

Wong Ong Ming, Eric (appointed 5 May 2015)
Yeow Ming Ying
Kuek Chiew Hia
Pee Tong Lim
Sonny Yuen Chee Choong
Syed Abu Bakar Bin S Mohsin Almohdzar

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 or debentures 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 31.12.2015	At 1.1.2015 or date of appointment, if later	**At 31.12.2015**	At 1.1.2015 or date of appointment, if later
Healthway Medical Corporation Limited				
(Number of ordinary shares)				
Eric Wong Ong Ming	**274,084**	274,084	**19,380**	19,380
Kuek Chiew Hia	**270,000**	270,000	**–**	–

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2016 were the same as those as at 31 December 2015.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or its related corporations.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its related corporations.

There were no unissued shares of the Company or its related corporations under option at the end of the financial year.

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 are independent non-executive directors.

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

The Audit Committee held 5 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.

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.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2015

Independent Auditor

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

On behalf of the directors

Eric Wong Ong Ming Director	Yeow Ming Ying Director

1 April 2016

INDEPENDENT AUDITOR'S REPORT

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 38 to 97, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 financial statements 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 financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITOR'S REPORT

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 subsidiary corporations 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, 1 April 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue	4	**94,273**	85,666
Other income	5	**6,867**	7,775
Other gains	6	**989**	13,332
Expenses			
- Medical supplies and consumables used		**(15,170)**	(11,492)
- Laboratory and related expenses		**(3,825)**	(6,534)
- Staff costs	7	**(59,299)**	(56,329)
- Depreciation of property, plant and equipment	16	**(1,340)**	(1,352)
- Amortisation of intangible assets	17	**(295)**	(292)
- Rental on operating leases		**(8,228)**	(8,500)
- Allowance for doubtful trade and other receivables	26(b)	**(4,812)**	(5,164)
- Reversal of allowance for doubtful trade and other receivables	26(b)	**441**	–
- Finance expenses	8	**(1,078)**	(1,150)
- Other expenses		**(5,827)**	(6,027)
Total expenses		**(99,433)**	(96,840)
Profit before income tax		**2,696**	9,933
Income tax expense	9(a)	**(1,013)**	(93)
Total profit		**1,683**	9,840
Other comprehensive losses:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Fair value gains/(losses)	24	**9**	(5,020)
- Reclassification	24	**(727)**	(13,038)
		(718)	(18,058)
Currency translation gains arising from consolidation		**136**	75
Other comprehensive losses, net of tax		**(582)**	(17,983)
Total comprehensive income/(losses)		**1,101**	(8,143)
Profit attributable to:			
Equity holders of the Company		**1,683**	9,840
Total comprehensive income/(losses) attributable to:			
Equity holders of the Company		**1,101**	(8,143)
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic and diluted earnings per share	10	**0.07**	0.43

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

BALANCE SHEET - GROUP AND COMPANY

As at 31 December 2015

		Group		Company	
	Note	**2015**	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and bank balances	11	**2,884**	3,157	**1,947**	1,936
Trade and other receivables	12	**81,341**	75,260	**10,927**	6,352
Inventories	13	**2,290**	2,393	**–**	–
Available-for-sale financial assets	14	**–**	756	**–**	756
		86,515	81,566	**12,874**	9,044
Non-current assets					
Other receivables	12	**22,010**	20,358	**–**	–
Investments in subsidiaries	15	**–**	–	**197,113**	196,970
Property, plant and equipment	16	**5,897**	6,031	**–**	–
Intangible assets	17	**121,902**	122,197	**66**	355
Deferred tax assets	22	**18**	–	**43**	–
		149,827	148,586	**197,222**	197,325
Total assets		**236,342**	230,152	**210,096**	206,369
LIABILITIES					
Current liabilities					
Trade and other payables	18	**24,326**	22,413	**2,184**	1,121
Current income tax liabilities	9(b)	**1,296**	365	**328**	101
Borrowings	19	**12,653**	12,431	**8,293**	9,410
		38,275	35,209	**10,805**	10,632
Non-current liabilities					
Borrowings	19	**5,984**	3,748	**4,285**	1,538
Deferred income tax liabilities	22	**–**	204	**–**	–
Provisions	21	**357**	366	**–**	–
		6,341	4,318	**4,285**	1,538
Total liabilities		**44,616**	39,527	**15,090**	12,170
NET ASSETS		**191,726**	190,625	**195,006**	194,199
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	**–**	718
Currency translation reserve		**835**	699	**–**	–
Accumulated losses		**(10,490)**	(12,173)	**(6,375)**	(7,900)
Total equity		**191,726**	190,625	**195,006**	194,199

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Share capital $'000	Treasury shares $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated losses $'000	Total equity $'000
2015						
Beginning of financial year	204,430	(3,049)	718	699	(12,173)	190,625
Profit for the year	–	–	–	–	1,683	1,683
Other comprehensive losses for the year	–	–	(718)	136	–	(582)
End of financial year	**204,430**	**(3,049)**	**–**	**835**	**(10,490)**	**191,726**
2014						
Beginning of financial year	204,430	(3,049)	18,776	624	(22,013)	198,768
Profit for the year	–	–	–	–	9,840	9,840
Other comprehensive losses for the year	–	–	(18,058)	75	–	(17,983)
End of financial year	**204,430**	**(3,049)**	**718**	**699**	**(12,173)**	**190,625**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
(Loss)/profit before income tax		**2,696**	9,933
Adjustments for:			
- Depreciation of property, plant and equipment	16	**1,340**	1,352
- Amortisation of intangible assets	17	**295**	292
- Loss on disposal of property, plant and equipment		**80**	532
- Allowance for doubtful trade and other receivables		**4,812**	4,527
- Interest expense	8	**1,078**	1,150
- Interest income	5	**(1,806)**	(1,738)
- Gain on disposal of available-for-sale financial assets	6	**(727)**	(13,038)
- Unrealised currency translation (gains)/losses		**(262)**	75
		7,506	3,085
Change in working capital:			
- Inventories		**103**	385
- Trade and other receivables		**424**	(3,016)
- Trade and other payables		**3,095**	3,777
- Provisions		**(9)**	(34)
Cash generated from operations		**11,119**	4,197
Income tax paid		**(304)**	(559)
Net cash provided by operating activities		**10,815**	3,638
Cash flows from investing activities			
Additions to property, plant and equipment		**(658)**	(1,943)
Additions of intangible assets		**–**	(14)
Proceeds on disposal of property, plant and equipment		**44**	639
Loans to party A and B		**(4,961)**	(26,089)
Proceeds from sale of available-for-sale financial asset		**765**	19,019
(Advances to)/receipts from party A and B - net		**(5,790)**	5,218
Advances to non-related party - net		**–**	(613)
Interest received		**11**	1,738
Net cash used in investing activities		**(10,589)**	(2,045)
Cash flows from financing activities			
Fixed deposits pledged		**282**	(6)
Proceeds from borrowings		**27,131**	16,293
Repayment of borrowings		**(25,650)**	(16,548)
Repayment of finance lease liabilities		**(902)**	(698)
Interest paid		**(1,078)**	(1,150)
Net cash used in financing activities		**(217)**	(2,109)
Net increase/(decrease) in cash and cash equivalents		**9**	(516)
Cash and cash equivalents			
Beginning of financial year	11	**1,037**	1,553
Effects of currency translation on cash and cash equivalents		**–***	–*
End of financial year	11	**1,046**	1,037

*Less than $1,000

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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 2015

On 1 January 2015, 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 except for the following:

FRS 108 *Operating segments*

The Group has adopted the above amendment to FRS108 on 1 January 2015. The amendment is applicable for annual periods beginning on or after 1 July 2014. It sets out the required disclosures on the judgements made by management in aggregating operating segments. This includes 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 entity's assets when segment assets are reported.

The Group has included the additional required disclosures in Note 28 of the financial statements.

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. Deferred revenue is recognised on the balance sheet when cash is collected upfront for services which have yet to be rendered.

(b) *Management and administrative fees*

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

(c) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the term of the lease.

(d) *Interest income*

Interest income, including income arising from other financial instruments, is recognised using the effective interest method.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that 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.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into 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 any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

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 consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill on Acquisition" for the subsequent accounting policy on goodwill.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries* (continued)

(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.

(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. Cost also includes borrowing costs (refer to Note 2.6 on borrowing costs). 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 either acquiring the asset or 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

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

	Useful lives
Leasehold improvements	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.

(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 within "other gains".

2.5 Intangible assets

(a) Goodwill on acquisitions

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

Goodwill on acquisition of subsidiaries and businesses 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.

2. Significant accounting policies (continued)

2.5 Intangible assets (continued)

(b) Acquired brand name

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

(c) Acquired computer software licences

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.

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.

2.8 Impairment of non-financial assets

(a) Goodwill and brand name

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

For the purpose of impairment testing of goodwill and brand name, goodwill and brand name are 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 and brand name, exceeds the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

(a) *Goodwill and brand name* (continued)

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill and brand name 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 (other than goodwill and brand name), 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 and brand name 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 and brand name 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 "cash and cash equivalents" (Note 11) and "trade and other receivables" (Note 12) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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 party A. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries and party A fail to make principal or interest payments when due in accordance with the terms of their borrowings.

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 subsidiaries' and party A's 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.

Intra-group transactions are eliminated on consolidation.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

2.15 Leases

(a) 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)

(b) 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(a)(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.

Contingent rents are recognised as income in profit or loss when earned.

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 determined based on the weighted average basis 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 applicable variable selling expenses.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

2.17 Income taxes (continued)

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.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Provisions

Provisions for asset restoration 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 amounts have been reliably estimated.

The Group recognises the estimated costs of restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the assets or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit of loss immediately.

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.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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 exchange 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 within "other gains".

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

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.

2. Significant accounting policies (continued)

2.23 Share capital and treasury shares (continued)

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted 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 Government grants

Grants from government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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

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

Goodwill and brand name with indefinite useful life are tested for impairment annually and whenever there is indication that they may be impaired. 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.

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

If the estimated revenue growth rate had been 10% lower than management's estimates at 31 December 2015, there would be no impairment required.

(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 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

4. Revenue

	Group	
	2015	2014
	$'000	$'000
Medical services	**93,116**	84,217
Management and administrative fees	**1,157**	1,449
	94,273	85,666

5. Other income

	Group	
	2015	2014
	$'000	$'000
Interest income		
- Bank deposits	**11**	6
- Loan receivable	**1,795**	1,732
	1,806	1,738
Recovery of staff cost	**3,303**	4,405
Rental income	**315**	456
Rental of medical equipment	**389**	383
Government grant income		
- Wage Credit Scheme	**384**	263
- Special Employment Credit	**121**	97
Others	**549**	433
	6,867	7,775

6. Other gains

	Group	
	2015	2014
	$'000	$'000
Reclassification from other comprehensive income on disposal of available-for-sale financial assets (Note 24)	**727**	13,038
Foreign exchange gain	**262**	294
	989	13,332

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

7. Staff costs

	Group	
	2015	2014
	$'000	$'000
Wages and salaries	**56,215**	53,819
Employer's contribution to defined contribution plans including Central Provident Fund	**3,084**	2,510
	59,299	56,329

8. Finance expenses

	Group	
	2015	2014
	$'000	$'000
Interest expense		
- Bank borrowings	**964**	1,052
- Finance lease liabilities	**114**	98
	1,078	1,150

9. Income taxes

(a) Income tax expense

	Group	
	2015	2014
	$'000	$'000
Tax expense attributable to profit is made up of:		
- Profit for the financial year:		
Current income tax	**1,326**	514
Deferred income tax (Note 22)	**(268)**	–
	1,058	514
- Under/(over) provision in prior financial years:		
Current income tax	**(91)**	(421)
Deferred income tax (Note 22)	**46**	–
	1,013	93

9. Income taxes (continued)

(a) Income tax expense (continued)

	Group	
	2015	2014
	$'000	$'000
Profit before income tax	**2,696**	9,933
Tax calculated at tax rate of 17% (2014: 17%)	**458**	1,689
Effects of:		
- over provision in prior years	**(45)**	(421)
- expenses not deductible for tax purposes	**1,103**	1,045
- statutory stepped income exemption	**(194)**	(168)
- corporate income tax rebate	**(124)**	(84)
- income not subject to tax	**(126)**	(2,170)
- tax losses not recognised	**53**	106
- utilisation of previously unrecognised tax losses	**(15)**	–
- others	**(97)**	96
Tax charge	**1,013**	93

Corporate Income Tax (CIT) rebate was introduced by the Minister for Finance of Singapore in the Singapore Budget 2013 and updated in the Singapore Budget 2015. The CIT rebate is applicable to the Group and the Company from 1 January 2012 for a period of 5 years. The CIT rebate allows the Group and the Company to receive a 30% rebate on its tax payable subject to a maximum rebate of $20,000 and $30,000 for the financial years ended 31 December 2015 and 31 December 2014 respectively.

(b) Movement in current income tax liabilities

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**365**	831	**101**	695
Income tax paid	**(304)**	(559)	**(162)**	(173)
Tax expense	**1,326**	514	**371**	–
(Over)/under provision in prior financial years	**(91)**	(421)	**18**	(421)
End of financial year	**1,296**	365	**328**	101

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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	
	2015	2014
Net profit attributable to equity holders of the Company ($'000)	**1,683**	9,840
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	**2,308,236**	2,308,236
Basic earnings per share (cents per share)	**0.07**	0.43

Diluted earnings per share for the year ended 31 December 2015 and 31 December 2014 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 bank balances

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**1,035**	1,027	**646**	351
Short-term bank deposits	**1,849**	2,130	**1,301**	1,585
	2,884	3,157	**1,947**	1,936

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

	Group	
	2015	2014
	$'000	$'000
Cash and bank balances (as above)	**2,884**	3,157
Less: Bank deposits pledged as collateral for banking facilities	**(1,838)**	(2,120)
Cash and cash equivalents per consolidated statement of cash flows	**1,046**	1,037

The weighted average effective interest rates relating to cash and cash equivalents, at the balance sheet date for the Group and Company are 0.50% (2014: 0.20%) and 0.63% (2014: 0.21%) respectively. Interest rates reprice at intervals of one month.

Bank deposits are pledged as security for certain borrowings (Note 19).

12. Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables	**12,226**	12,146	**–**	–
Unbilled receivables	**2,193**	1,772	**–**	–
	14,419	13,918	**–**	–
Allowance for impairment loss	**(3,533)**	(3,974)	**–**	–
Net receivables	**10,886**	9,944	**–**	–
Other receivables – non-related companies	**1,634**	1,074	**10**	8
Allowance for impairment loss	**(746)**	(746)	**–**	–
	888	328	**10**	8
Other receivables – non-related party [Note (a)]	**4,527**	4,527	**4,527**	4,527
Allowance for impairment loss	**(4,527)**	(4,527)	**(4,527)**	(4,527)
	–	–	**–**	–
Amounts due from party A [Note (b)]				
- Loan receivable	**57,000**	55,000	**–**	–
- Trade and other receivables	**10,291**	4,702	**7,367**	2,793
- Allowance for impairment loss	**(3,000)**	–	**–**	–
	64,291	59,702	**7,367**	2,793
Deposits	**4,737**	4,808	**3,540**	3,540
Prepayments	**539**	478	**10**	11
	81,341	75,260	**10,927**	6,352
Non-current				
Amounts due from party B [Note (c)]				
- Loan receivable	**35,812**	32,589	**–**	–
- Allowance for impairment loss	**(14,812)**	(13,000)	**–**	–
	21,000	19,589	**–**	–
Deposits	**1,010**	769	**–**	–
	22,010	20,358	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12. Trade and other receivables (continued)

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

(a) As at 31 December 2014, the amount was disclosed as an amount due from a related party. The related party refers to Healthway Medical Development (Private) Limited ("HMD"), in which the Group holds a 14% equity interest, and a company owned by a director of the Group was a shareholder of HMD. During the financial year ended 31 December 2015, the director resigned and as such HMD is no longer a related party of the Group as at 31 December 2015. Other receivables from a non-related party (2014: related party) are unsecured, interest-free and repayable on demand. An aggregate impairment loss of nil (2014: $4,527,000) was recognised during the financial year in profit or loss as the non-related party was in capital deficiency position.

(b) Amounts due from party A

The loan receivable is made to a company that owns medical clinics in Singapore for the development, setup and operations of these medical clinics. This loan is denominated in Singapore dollars and is unsecured. At the balance sheet date, the loan bears a floating interest rate of 4.25% per annum (2014: 4.25%) based on DBS Bank Ltd's prime rate, adjusted on an annual basis. Interest income received by the Group during the financial year on this loan amounted to $1,795,000 (2014: $1,732,000). The loan is repayable in full on 30 June 2016. As at date of these financial statements, the Group is considering exercising its right to acquire these medical clinics through the conversion of this loan to form part of the purchase consideration, at a price to be agreed. During the financial year, the Group extended the existing loan by an additional $2,000,000 (2014: $22,000,000) and made further net advances amounting to $5,790,000 (2014: net receipts amounting to $5,218,000) to party A.

The Group also provides management and administrative services to party A in return for management and administrative fees which amounted to $900,000 (2014: $1,200,000) during the financial year. As part of the management and administrative services, the Group also recovered staff cost amounting to $3,303,000 (2014: $4,405,000) from party A during the financial year.

An aggregate impairment loss of $3,000,000 (2014: Nil) was recognised during the financial year in profit or loss as the carrying amount was in excess of the recoverable amount.

(c) Amounts due from party B

The loan receivable is made to medical centres in China for the development, setup and operations of these medical centres. This loan is denominated in Chinese Renminbi and is secured by way of corporate guarantees from the borrowers' holding company. Interest is charged at a rate not exceeding 10% of the People's Bank of China variable lending rate of 4.90% (2014: 6.15%) per annum subject to mutual agreement between both parties. During the financial year, the Group extended the existing loan to party B by an additional $3,223,000 (2014: $4,089,000) and has made a commercial decision to waive its right to charge interest during the current and previous financial year to ease the cash flow in view of the current operating circumstances of party B. The loan is not expected to be repaid within 12 months from the balance sheet date.

The Group also provides management and administrative services to party B in return for management and administrative fees which amounted to $257,000 (2014: $249,000) during the financial year.

An aggregate impairment loss of $1,812,000 (2014: Nil) was recognised in profit or loss during the financial year as the carrying amount was in excess of the recoverable amount.

13. Inventories

	Group 2015 $'000	Group 2014 $'000
Pharmacy, medical and surgical supplies, at cost	**2,290**	2,393

14. Available-for-sale financial assets

	Group and Company 2015 $'000	Group and Company 2014 $'000
Beginning of financial year	**756**	24,795
Fair value gains/(losses) recognised in other comprehensive income (Note 24)	**9**	(5,020)
Disposals	**(765)**	(19,019)
End of financial year	**–**	756

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

	Group and Company 2015 $'000	Group and Company 2014 $'000
Listed equity securities – Singapore	**–**	756

15. Investments in subsidiaries

	Company 2015 $'000	Company 2014 $'000
Equity investments at cost	**12,343**	12,343
Amounts due from subsidiaries (non-trade)	**243,180**	243,037
Allowance for impairment loss	**(58,410)**	(58,410)
	197,113	196,970

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.

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For the financial year ended 31 December 2015

15. Investments in subsidiaries (continued)

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

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2015 %	Equity holding 2014 %
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
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
Healthway Dental Pte. Ltd. (5)	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

15. Investments in subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2015 %	Equity holding 2014 %
Held by Unimedic Pte. Ltd. (continued)				
Thomson Paediatric Clinic Pte Ltd[(2)]	Provision of paediatric services and operation of medical clinics	Singapore	**100**	100
Universal Dentalcare Pte Ltd[(5)]	Practice of dental surgery and operation of dental clinics	Singapore	**100**	100
Universal Dental Group (Braddell) Pte. Ltd. [(5)]	Practice of dental surgery and operation of dental clinics	Singapore	**100**	100
Universal Dental Group (Woodlands) Pte. Ltd. [(5)]	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
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. [(5)]	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

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For the financial year ended 31 December 2015

15. Investments in subsidiaries (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2015 %	2014 %
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

(5) Audited by Gleneagle Trust

16. Property, plant and equipment

	Leasehold improvements $'000	Medical equipment $'000	Computers $'000	Furniture and fittings $'000	Office equipment $'000	Signboards $'000	Total $'000
Group							
2015							
Cost							
Beginning of financial year	5,107	4,354	1,800	951	727	154	13,093
Additions	553	656	79	4	27	11	1,330
Disposals	(123)	(198)	(1)	–	(4)	–	(326)
End of financial year	5,537	4,812	1,878	955	750	165	14,097
Accumulated depreciation and impairment losses							
Beginning of financial year	2,090	2,003	1,677	712	481	99	7,062
Depreciation charge	578	579	71	49	53	10	1,340
Disposals	(42)	(155)	(1)	–	(4)	–	(202)
End of financial year	2,626	2,427	1,747	761	530	109	8,200
Net book value							
End of financial year	**2,911**	**2,385**	**131**	**194**	**220**	**56**	**5,897**
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**

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For the financial year ended 31 December 2015

16. Property, plant and equipment (continued)

Included within additions in the consolidated financial statements are property, plant and equipment acquired under finance leases amounting to $672,000 (2014: $896,000).

The carrying amounts of property, plant and equipment held under financial leases are $3,289,000 (2014: $2,159,000) at the balance sheet date.

17. Intangible assets

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Composition:				
Goodwill arising on consolidation [Note (a)]	**94,500**	94,500	**–**	–
Brand name [Note (a)]	**27,313**	27,313	**–**	–
Computer software licences [Note (b)]	**89**	384	**66**	355
	121,902	122,197	**66**	355

(a) Goodwill arising on consolidation and brand name

	Goodwill	**Brand name**	**Total**
	$'000	**$'000**	**$'000**
Group			
2015			
Cost			
Beginning and end of financial year	152,910	27,313	180,223
Accumulated impairment losses			
Beginning and end of financial year	58,410	–	58,410
Net book value			
End of financial year	**94,500**	**27,313**	**121,813**
2014			
Cost			
Beginning and end of financial year	152,910	27,313	180,223
Accumulated impairment losses			
Beginning and end of financial year	58,410	–	58,410
Net book value			
End of financial year	**94,500**	**27,313**	**121,813**

17. Intangible assets (continued)

(a) Goodwill arising on acquisition and brand name (continued)

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

For the purpose of impairment testing, goodwill and brand name with indefinite useful life 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.

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 2015	Net book value 2014
	$'000	$'000	$'000	$'000	$'000
Group					
Family medicine (comprising up to 40 clinics)	41,313	8,000	49,313	**49,313**	49,313
Dentistry (comprising up to 10 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 4 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 each CGU was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the various segments of the healthcare industry in Singapore.

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For the financial year ended 31 December 2015

17. Intangible assets (continued)

(a) Goodwill arising on acquisition and brand name (continued)

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

Key assumptions used in the value-in-use calculations:

- The anticipated annual revenue growth rate for each CGU included in the cash flow projections ranged between 3% to 7% (2014: 3% to 7%) for years 2016 to 2020.
- The anticipated annual cost growth rate for each CGU was approximately 3% (2014: 3%) for the years 2016 to 2020, which takes into consideration expected annual inflation rates in Singapore.
- A discount rate of 8.8% (2014: 8.9%) was applied in determining the recoverable amount of the CGUs.
- The anticipated terminal growth rate for each CGU was approximately 2% (2014: 1% to 2%).

These assumptions were determined based on past performance and management's expectations of market developments with reference to internal and external sources. The growth rates used were consistent with forecasts included in industry reports. The discount rates used were pre-tax.

Based on management's assessment, no impairment loss has been identified for the year ended 31 December 2015 (2014: Nil).

Sensitivity analysis

If the estimated revenue growth rate had been 10% lower than management's estimates at 31 December 2015, there would be no impairment required.

(b) Computer software licenses

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cost				
Beginning of financial year	**1,670**	1,656	**1,448**	1,448
Additions	**–**	14	**–**	–
End of financial year	**1,670**	1,670	**1,448**	1,448
Accumulated amortisation				
Beginning of financial year	**1,286**	994	**1,093**	803
Amortisation for the year	**295**	292	**289**	290
End of financial year	**1,581**	1,286	**1,382**	1,093
Net book value				
End of financial year	**89**	384	**66**	355

18. Trade and other payables

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade payables to:				
- non-related parties	**11,165**	11,069	**–**	–
Other payables to:				
- non-related parties	**2,826**	2,302	**497**	297
- party A [Note 12(b)]	**2,299**	2,500	**–**	–
- subsidiaries	**–**	–	**601**	113
	5,125	4,802	**1,098**	410
Deferred income	**1,824**	1,171	**–**	–
Accruals for operating expenses	**6,212**	5,371	**1,086**	711
	24,326	22,413	**2,184**	1,121

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

19. Borrowings

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Bank borrowings	**10,132**	9,604	**7,060**	7,260
Other loans	**1,233**	2,150	**1,233**	2,150
Finance lease liabilities (Note 20)	**1,288**	677	**–**	–
	12,653	12,431	**8,293**	9,410
Non-current				
Bank borrowings	**4,713**	2,843	**4,285**	1,538
Finance lease liabilities (Note 20)	**1,271**	905	**–**	–
	5,984	3,748	**4,285**	1,538
Total borrowings	**18,637**	16,179	**12,578**	10,948

(a) Security granted

Total borrowings include secured liabilities of $4,833,000 (2014: $5,000,000) for the Group and the Company. Bank borrowings of the Group and the Company are secured over certain bank deposits (Note 11). Finance lease liabilities of the Group are effectively secured over the leased property, plant and equipment (Note 16), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of these finance lease liabilities.

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For the financial year ended 31 December 2015

19. Borrowings (continued)

(b) Fair value of non-current borrowings

The fair values of non-current borrowings approximate their carrying amounts and is computed based on cash flows discounted at market borrowing rates of an equivalent instrument of 5.35% (2014: 5.10%) per annum at the balance sheet date which the directors expect to be available to the Group.

(c) Undrawn borrowing facilities

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Expiring within one year	**142**	782	**–**	–
Expiring beyond one year	**167**	819	**167**	–
	309	1,601	**167**	–

(d) Fixed rate borrowings amounting $5,071,000 (2014: $3,646,000) have interest rates ranging from 2.8% to 7.5% per annum (2014: 3.5% to 7.5%). The remaining floating rate borrowings have interest rates between 2.5% to 9.4% per annum (2014: 2.2% to 8.8%).

(e) Bank borrowings and other loans comprise:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
(i) Revolving credit facilities	**6,690**	6,218	**4,833**	5,000
(ii) 4-year term loan facilities	**890**	–	**890**	–
(iii) 3-year term loan facilities	**6,872**	6,049	**5,622**	3,798
(iv) 2-year term loan facilities	**393**	180	**–**	–
(v) Other loans	**1,233**	2,150	**1,233**	2,150
	16,078	14,597	**12,578**	10,948

(i) Revolving credit facilities amounting to $4,833,000 (2014: $5,000,000) are secured by time deposits of the Group and Company and the remaining revolving credit facilities are secured by joint and several guarantees from certain shareholders of the Company. There are no fixed repayment schedules.

(ii) These Singapore dollar bank loans are 4-year term loan facilities which are secured by joint and several guarantees from certain shareholders of the Company. These loans mature in 2019.

(iii) These Singapore dollar bank loans are 3-year term loan facilities which are secured by joint and several guarantees from certain shareholders of the Company. These loans mature in 2016, 2017 and 2018.

19. Borrowings (continued)

(e) Bank borrowings and other loans comprise (continued):

(iv) These Singapore dollar bank loans are 2-year term loan facilities which are secured by joint and several guarantees from certain shareholders and employees of the Company. These loans mature in 2016 and 2017.

(v) This comprises of a loan from a shareholder amounting to nil (2014: $50,000) and a loan from a wholly owned company of a former director amounting to $1,233,000 (2014: $2,100,000). The loans are unsecured, interest-free and repayable on demand.

20. Finance lease liabilities

The Group leases certain property, plant and equipment from non-related parties under finance leases.

	Group	
	2015	2014
	$'000	$'000
Minimum lease payments due		
- Not later than one year	**1,394**	770
- Between one and five years	**1,333**	964
	2,727	1,734
Less: Future finance charges	**(168)**	(152)
Present value of finance lease liabilities	**2,559**	1,582

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

	Group	
	2015	2014
	$'000	$'000
Not later than one year (Note 19)	**1,288**	677
Later than one year (Note 19)		
- Between one and five years	**1,271**	905
Total	**2,559**	1,582

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21. Provisions

	Group	
	2015	2014
	$'000	$'000
Non-current		
Provision for restoration costs	**357**	366

Movement in provision for restoration cost is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**366**	400	**–**	–
Provision utilised	**(20)**	(34)	**–**	–
Provision made	**11**	–	**–**	–
End of financial year	**357**	366	**–**	–

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 asset is expected to be settled after one year.

Movement in deferred income tax assets/(liabilities) is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**(204)**	(204)	**–**	–
Tax credited to profit or loss [Note 9(a)]	**222**	–	**43**	–
End of financial year	**18**	(204)	**43**	–

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 $2,910,000 (2014: $2,689,000) and capital allowances of nil (2014: $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)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation $'000
2015	
Beginning of financial year	**(204)**
(Charged)/credited to profit or loss	
- Profit for the financial year	**56**
- Under provision in prior financial years	**(61)**
End of financial year	**(209)**
2014	
Beginning and end of financial year	(204)

Deferred income tax assets

	Employee benefits $'000
2015	
Beginning of financial year	**–**
Credited to profit or loss	
- Profit for the financial year	**212**
- Under provision in prior financial years	**15**
End of financial year	**227**
2014	
Beginning and end of financial year	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22. Deferred income taxes (continued)

Company

Deferred income tax liabilities

	Accelerated tax depreciation $'000
2015	
Beginning of financial year	**–**
(Charged)/credited to profit or loss	
- Profit for the financial year	**50**
- Under provision in prior financial years	**(61)**
End of financial year	**(11)**
2014	
Beginning and end of financial year	–

Deferred income tax assets

	Employee benefits $'000
2015	
Beginning of financial year	**–**
Credited to profit or loss	
- Profit for the financial year	**39**
- Under provision in prior financial years	**15**
End of financial year	**54**
2014	
Beginning and end of financial year	–

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				
2015				
Beginning and end of financial year	**2,308,236**	**18,698**	**204,430**	**(3,049)**
2014				
Beginning and 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	
	2015 **$'000**	2014 $'000
Beginning of financial year	**718**	18,776
Available-for sale financial assets:		
- Fair value gains/(losses) (Note 14)	**9**	(5,020)
- Reclassification to profit or loss on disposal of available-for-sale financial asset (Note 6)	**(727)**	(13,038)
End of financial year	**–**	718

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25. Movement in Company's accumulated losses

	Accumulated losses $'000
2015	
Beginning of financial year	**(7,900)**
Total comprehensive income for the year	**1,525**
End of financial year	**(6,375)**
2014	
Beginning of financial year	(18,486)
Total comprehensive income for the year	10,586
End of financial year	(7,900)

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.

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 management in accordance with the objectives and underlying principles approved by the Board of Directors.

(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 $35,812,000 (2014: $32,589,000) 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 2015, a 5% (2014: 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 $1,791,000 (2014: $1,629,000).

26. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

Following the disposal during the current financial year of the quoted security investments that were previously held by the Group (Note 14), the Group is no longer exposed to any significant price risk as at 31 December 2015.

(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.

Sensitivity analysis

If interest rates had been higher/lower by 1% (2014: 1%) with all other variables including tax rate being held constant, the profit after tax for the Group and the Company would have been lower/higher by $81,000 (2014: $116,000) and $66,000 (2014: $73,000) respectively as a result of higher/lower interest expense on the variable-rate borrowings of the Group and Company.

The contractual repricing dates of the variable-rate borrowings of the Group and Company at the balance sheet date are 12 months or less.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing only with credit worthy counterparties.

In relation to loan receivables (Note 12), the Group has entered into loan and management service agreements with party A and B 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 whether the loan receivables are expected to be 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**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Corporate guarantees provided:				
- on subsidiaries' loans	**–**	–	**3,163**	3,648
- on subsidiaries' finance lease liabilities	**–**	–	**1,929**	–
- on party A's loan	**–**	1,400	**–**	1,400
	–	1,400	**5,092**	5,048

The trade and other receivables of the Group comprise 2 debtors (2014: 2 debtors) that individually represented 20% and 62% (2014: 20% and 62%) of the trade and other receivables.

The trade and other receivables of the Company comprise 1 debtor (2014: 1 debtor) that individually represented 67% (2014: 44%) of the trade and other receivables.

26. Financial risk management (continued)

(b) Credit risk (continued)

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

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade and other receivables:				
- Non-current	**22,010**	20,358	**–**	–
- Current	**80,802**	74,782	**10,917**	6,341
Cash and bank balances	**2,884**	3,157	**1,947**	1,936
Available-for-sale financial assets	**–**	756	**–**	756
	105,696	99,053	**12,864**	9,033

(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 due from companies with good collection track records 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	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Past due 0 - 30 days	**1,970**	1,763	**–**	–
Past due 31 -120 days	**2,355**	2,328	**–**	–
Past due 121-365 days	**1,346**	1,480	**–**	–
	5,671	5,571	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26. Financial risk management (continued)

(b) Credit risk (continued)

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

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	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Not past due	**23,085**	18,273	**4,527**	4,527
Past due over 365 days	**3,533**	3,974	**–**	–
Less: Allowance for impairment	**(26,618)**	(22,247)	**(4,527)**	(4,527)
	–	–	**–**	–

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**22,247**	17,083	**4,527**	–
Allowance made	**4,812**	5,164	**–**	4,527
Reversal of allowance	**(441)**	–	**–**	–
End of financial year	**26,618**	22,247	**4,527**	4,527

The impaired trade and other receivables arise mainly from uncertainty in collection. The remaining receivables not impaired are mainly arising from customers that have a good collection track record with the Group.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities (Note 19) and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11.

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.

26. Financial risk management (continued)

(c) Liquidity risk (continued)

	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000
Group			
2015			
Non-derivative financial liabilities			
Bank loans	**15,709**	**10,741**	**4,968**
Other loans	**1,233**	**1,233**	**–**
Finance lease liabilities	**2,727**	**1,394**	**1,333**
Trade and other payables	**22,502**	**22,502**	**–**
	42,171	**35,870**	**6,301**
2014			
Non-derivative financial liabilities			
Bank loans	13,056	10,035	3,021
Other 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
Company			
2015			
Non-derivative financial liabilities			
Bank loans	**12,052**	**7,547**	**4,505**
Other loans	**1,233**	**1,233**	**–**
Trade and other payables	**2,184**	**2,184**	**–**
Corporate guarantees	**5,092**	**5,092**	**–**
	20,561	**16,056**	**4,505**
2014			
Non-derivative financial liabilities			
Bank loans	9,137	7,554	1,583
Other 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

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 (2014: 1.25 times).

The gearing ratio is calculated as net interest-bearing debt divided by net tangible worth. Net tangible worth is calculated as total equity less intangible assets.

	Group		**Company**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Net debt (interest-bearing debt)	**17,404**	14,029	**11,345**	8,798
Net tangible worth	**69,824**	68,428	**194,940**	193,844
Gearing ratio (times)	**0.25**	0.21	**0.06**	0.05

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2015.

(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

26. Financial risk management (continued)

(e) Fair value measurements (continued)

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

	Level 1 $'000
Group	
2015	
Assets	
Available-for-sale financial assets	–

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

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**	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Loans and receivables	**105,696**	98,297	**12,864**	8,277
Financial liabilities at amortised cost	**41,139**	37,421	**14,762**	12,069

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26. Financial risk management (continued)

(g) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

$'000	Related amounts set off in the balance sheet			Related amounts not set off in the balance sheet		
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)+(d)
	Gross amounts of recognised financial assets	**Gross amounts of recognised financial liabilities**	**Net amounts of financial assets presented in the balance sheet**	**(d)(i) Financial assets / (liabilities)**	**(d)(ii) Financial collateral received**	**Net amount**
Group						
As at 31 December 2015						
Trade and other receivables from party A	**20,761**	**(10,470)**	**10,291**	**–**	**–**	**10,291**
As at 31 December 2014						
Trade and other receivables from party A	9,506	(4,804)	4,702	–	–	4,702

$'000	Related amounts set off in the balance sheet			Related amounts not set off in the balance sheet		
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)+(d)
	Gross amounts of recognised financial assets	**Gross amounts of recognised financial liabilities**	**Net amounts of financial assets presented in the balance sheet**	**(d)(i) Financial assets / (liabilities)**	**(d)(ii) Financial collateral received**	**Net amount**
Company						
As at 31 December 2015						
Trade and other receivables from party A	**10,512**	**(3,145)**	**7,367**	**–**	**–**	**7,367**
As at 31 December 2014						
Trade and other receivables from party A	6,117	(3,324)	2,793	–	–	2,793

26. Financial risk management (continued)

(g) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements (continued)

The agreement between the Group and the Company and the respective counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however each party has the option to settle such amounts on a net basis in the event of default of the other party.

27. Related party transactions

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

(a) Related party transactions

	Group	
	2015	2014
	$'000	$'000
Net advances made to a related party[1]	**–**	613
Net repayment of loan to a shareholder	**50**	200
Net repayment/(receipt) of loan to/(from) a wholly owned company of a former director	**897**	(2,100)
Management consultancy service fees paid to an independent director	**44**	–
Management advisory service fees paid to a non-executive non-independent chairman	**5**	–

(1) In the previous financial year, the related party refers to Healthway Medical Development (Private) Limited ("HMD"), in which the Group holds a 14% equity interest, and a company owned by a director of the Group was the shareholder of HMD. During the financial year ended 31 December 2015, the director resigned and as such HMD is no longer a related party of the Group as at 31 December 2015. As at 31 December 2015, the net amount due from HMD recorded on the balance sheet is nil (2014: Nil) (Note 12).

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27. Related party transactions (continued)

(b) Key management personnel compensation (continued)

Key management personnel compensation comprise:

	Group	
	2015	2014
	$'000	$'000
Wages and salaries	**1,526**	1,022
Employer's contribution to defined contribution plans, including Central Provident Fund	**79**	45
	1,605	1,067

Included above are directors' remuneration amounting $501,669 (2014: $568,790).

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, allocate resources, and assess performance. 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 the following 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.

Whilst the CODM receives separate reports for each of the Group's strategic business units, they have been aggregated into the Primary Healthcare and Specialist and Wellness Healthcare segment. Such aggregation is determined by the nature of risks associated with each business segment as they offer different products and services and require different marketing strategies.

28. Segment information (continued)

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
2015				
Sales				
Total segment sales and sales to external parties	50,596	43,420	257	94,273
EBITDA	1,088	4,289	(1,774)	3,603
Less: Net gain on disposal of available-for-sale financial asset	(727)	–	–	(727)
Adjusted EBITDA	361	4,289	(1,774)	2,876
Depreciation	604	731	5	1,340
Amortisation	290	–	5	295
Segment assets	137,934	75,452	21,089	234,475
Segment assets include:				
- Additions to property, plant and equipment	1,237	93	–	1,330
Segment liabilities	14,533	9,714	436	24,683

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

28. Segment information (continued)

	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
Segment assets	133,174	74,405	19,687	227,266
Segment assets include:				
- Additions to property, plant and equipment	1,536	1,288	15	2,839
- Additions to intangible assets	–	–	14	14
Segment liabilities	13,766	8,573	440	22,779

The revenue 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. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash position of the Group.

28. Segment information (continued)

(a) Reconciliations

(i) Segment profits

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

	Group	
	2015	2014
	$'000	$'000
Adjusted EBITDA for reportable segments	**2,876**	(2,049)
Net gain on disposal of available-for-sale financial asset	**727**	13,038
Depreciation	**(1,340)**	(1,352)
Amortisation	**(295)**	(292)
Interest income	**1,806**	1,738
Finance expense	**(1,078)**	(1,150)
Profit before tax	**2,696**	9,933

(ii) Segment assets

The amounts reported to the CODM with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than deferred income tax assets, short-term bank deposits, and available-for-sale financial assets.

Segment assets are reconciled to total assets as follows:

	Group	
	2015	2014
	$'000	$'000
Segment assets for reportable segments	**234,475**	227,266
Unallocated:		
- Deferred income tax assets (Note 22)	**18**	–
- Short-term bank deposits (Note 11)	**1,849**	2,130
- Available-for-sale financial assets (Note 14)	**–**	756
Total assets	**236,342**	230,152

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

28. Segment information (continued)

(a) Reconciliations (continued)

(iii) Segment liabilities

The amounts reported to the CODM with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than income tax liabilities, deferred income tax liabilities and borrowings.

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2015	2014
	$'000	$'000
Segment liabilities for reportable segments	**24,683**	22,779
Unallocated:		
- Current income tax liabilities [Note 9(b)]	**1,296**	365
- Deferred income tax liabilities (Note 22)	**–**	204
- Borrowings (Note 19)	**18,637**	16,179
Total liabilities	**44,616**	39,527

(b) Geographical information

	Sales for continuing operations	
	2015	2014
	$'000	$'000
Singapore	**94,016**	85,417
China	**257**	249
	94,273	85,666

29. Commitments

(a) <u>Loan commitments</u>

Loan commitments granted to the owners of medical centres in China are denominated in Chinese Renminbi and the undrawn commitments will expire in December 2016. Undrawn Chinese Renminbi loan commitments at the balance sheet date amounted to Singapore dollar equivalent of approximately $84,000 (2014: $379,000).

29. Commitments (continued)

(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	
	2015	2014
	$'000	$'000
Not later than one year	**7,395**	7,134
Between one and five years	**16,305**	5,149
	23,700	12,283

(c) Corporate guarantees

The Company has issued corporate guarantees to banks and to a financial institution for credit facilities and finance lease liabilities granted to its subsidiaries as below:

	Group		**Company**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Corporate guarantees provided:				
- on subsidiaries' loans	**–**	–	**3,163**	3,648
- on subsidiaries' finance lease liabilities	**–**	–	**1,929**	–
- on party A's loan [Note 12(b)]	**–**	1,400	**–**	1,400
	–	1,400	**5,092**	5,048

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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 2016 or later periods and which the Group has not early adopted:

- FRS 1 *Presentation of financial statements*

  (effective for annual periods beginning on or after 1 January 2016)

  This amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

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

- FRS 115 *Revenue from contracts with customers*

  (effective for annual periods beginning on or after 1 January 2017)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services. The core principle of FRS 115 is that en entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1 Identify the contract(s) with a customer
  - Step 2 Identify the performance obligations in the contract
  - Step 3 Determine the transaction price
  - Step 4 Allocate the transaction price to the performance obligations in the contract
  - Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation.

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

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

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

- FRS 109 *Financial instruments*

  (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 39 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value though Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the finance asset. Investments in equity instruments are required to be measured at fair value through profit or loss in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness test. It requires and economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required by is different to that current prepared under 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 1 April 2016.

SHAREHOLDING STATISTICS

16 MARCH 2016

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 71.80% of the issued ordinary shares of the Company were held in the hands of the public as at 16 March 2016 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	250	2.59	8,703	0.00
100 – 1,000	534	5.52	321,254	0.01
1,001 – 10,000	1,682	17.40	9,834,871	0.43
10,001 – 1,000,000	7,047	72.89	790,769,121	34.26
1,000,001 and above	155	1.60	1,507,302,234	65.30
TOTAL	**9,668**	**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.	374,567,930	16.23
2	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	133,786,699	5.80
3	DBS NOMINEES PRIVATE LIMITED	128,129,506	5.55
4	UOB KAY HIAN PRIVATE LIMITED	89,135,591	3.86
5	OCBC SECURITIES PRIVATE LIMITED	87,415,030	3.79
6	HONG LEONG FINANCE NOMINEES PTE LTD	51,384,750	2.23
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	49,899,143	2.16
8	RAFFLES NOMINEES (PTE) LIMITED	29,316,263	1.27
9	HANIF MOEZ NOMANBHOY	27,983,811	1.21
10	BANK OF SINGAPORE NOMINEES PTE. LTD.	24,437,520	1.06
11	PHILLIP SECURITIES PTE LTD	22,982,873	1.00
12	ONG CHIN HUI (WANG ZHENHUI) OR LIM BEE LING (LIN MEILING)	21,099,400	0.91
13	DB NOMINEES (SINGAPORE) PTE LTD	20,948,375	0.91
14	TAN KOON	20,920,800	0.91
15	LOW BEE LAN AUDREY	18,079,200	0.78
16	JONG HEE SEN	16,947,607	0.73
17	MAYBANK KIM ENG SECURITIES PTE. LTD.	16,412,025	0.71
18	TAN KHEEN SENG @JOHN	12,523,964	0.54
19	GOH LEONG HAI	10,000,000	0.43
20	KGI FRASER SECURITIES PTE. LTD.	8,411,250	0.36
	TOTAL	**1,164,381,737**	**50.44**

SHAREHOLDING STATISTICS

16 MARCH 2016

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	Number of Shares	%[1]	Number of Shares	%[1]
Fan Kow Hin [2]	–	–	432,687,812	18.75
One Organisation Limited[3]	–	–	227,617,252	9.86
Aathar Ah Kong Andrew[4]	768,046	0.03	160,480,287	6.95
Chee Yin Meh[4]	–	–	432,687,812	18.75

Notes:

(1) Percentage is calculated based on 2,308,236,183 voting Shares as at 16 March 2016.

(2) Fan Kow Hin is deemed interested in 227,617,252 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 138,195,560 Shares registered in the name of a nominee account.

(3) OOL is deemed to be interested in 227,617,252 Shares registered in the name of a nominee account.

(4) Aathar Ah Kong Andrew is deemed to be interested in 157,036,287 Shares registered in various nominee accounts and 3,444,000 Shares are held by his brother, Aathar Ah Tuk Henry.

(5) Chee Yin Meh is deemed to be interested in 432,687,812 Shares in which 138,195,560 Shares are registered in the name of a nominee account for which the beneficiary is Fan Kow Hin ("Spouse"), 227,617,252 Shares registered in the name of a nominee account for which the beneficiary is OOL by virtue of her and her Spouse's shareholding 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 OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ninth Annual General Meeting ("**AGM**") of Healthway Medical Corporation Limited (the "**Company**") will be held at The National University of Singapore Society, Kent Ridge Guild House, Left Chamber, 9 Kent Ridge Drive, Singapore 119241 on Friday, 29 April 2016 at 2.00 p.m., for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Accounts for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees up to S$320,000 (2015:S$320,000) for the financial year ending 31 December 2016 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 Constitution:-

   Mr Yeow Ming Ying (see explanatory note 2) **(Resolution 3)**
   Ms Kuek Chiew Hia (see explanatory note 3) **(Resolution 4)**

4. To re-elect the following Director retiring under Article 102 of the Company's Constitution:-

   Mr Wong Ong Ming, Eric (see explanatory note 4) **(Resolution 5)**

5. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. 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:-

7. **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;

NOTICE OF ANNUAL GENERAL MEETING

(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 Constitution 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 5) **(Resolution 7)**

8. **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 2015 ("**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 6) **(Resolution 8)**

9. **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 2015 ("**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;

NOTICE OF ANNUAL GENERAL MEETING

(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

NOTICE OF ANNUAL GENERAL MEETING

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 7) **(Resolution 9)**

BY ORDER OF THE BOARD

Wee Woon Hong
Srikanth Rayaprolu
Company Secretaries

13 April 2016
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 2016. 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 Yeow Ming Ying will, upon re-election as Director of the Company, remain as the Non-Executive Director of the Company. Mr Yeow Ming Ying does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Yeow Ming Ying can be found in the Annual Report 2015.

3. Ms Kuek Chiew Hia will, upon re-election as Director of the Company, remain as an Independent Director of the Company and the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company. She will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist. Ms Kuek Chiew Hia does not have any relationships including immediate family relationships between herself and the Directors, the Company and its 10% shareholders. Further information on Ms Kuek Chiew Hia can be found in the Annual Report 2015.

4. Mr Wong Ong Ming, Eric will, upon re-election as Director of the Company, remain as the Non-Executive Non-Independent Chairman of the Board and a member of the Nominating Committee of the Company. Mr Wong Ong Ming, Eric does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr Wong Ong Ming, Eric can be found in the Annual Report 2015.

5. 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 7 proposed in item 7 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.

NOTICE OF ANNUAL GENERAL MEETING

6. The ordinary resolution 8 proposed in item 8 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.

7. The ordinary resolution 9 proposed in item 9 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) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

(iv) 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.

(v) 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.

(vi) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the above 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 2016. "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 at the AGM of the Company to be held at The National University of Singapore Society, Kent Ridge Guild House, Left Chamber, 9 Kent Ridge Drive, Singapore 119241 on 29 April 2016 at 2.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion.

	Please tick here if more than two proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

All resolutions put to the vote at the AGM shall be decided by way of poll.

No.	Ordinary Resolutions relating to:-	Number of Votes For **	Number of Votes Against**
1.	Adoption of Directors' Statement and Audited Accounts for the financial year ended 31 December 2015		
2.	Approval of Directors' Fees of up to S$320,000 for the financial year ending 31 December 2016 to be paid quarterly in arrears		
3.	Re-election of Mr Yeow Ming Ying as a Director of the Company		
4.	Re-election of Ms Kuek Chiew Hia as a Director of the Company		
5.	Re-election of Mr Wong Ong Ming, Eric as a Director of the Company		
6.	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
7.	Authority to issue and allot shares pursuant to the Share Issue Mandate		
8.	Renewal of the Interested Person Transaction Mandate		
9.	Renewal of the Share Buy Back Mandate		

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against", please indicate with a tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ________________ 2016

Total Number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

____
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 81SF of Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), 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 who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at an AGM of the Company. Where such member appoints more than one 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. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at an AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity:

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. 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.
5. A proxy need not be a member of the Company.
6. 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.
7. 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.
8. 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, Chapter 50 of Singapore.
9. 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.
10. 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 72 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
Tel: +65 6397 6966
Fax: +65 6479 5347
Email: investorrelations@healthwaymedical.com

www.healthwaymedical.com