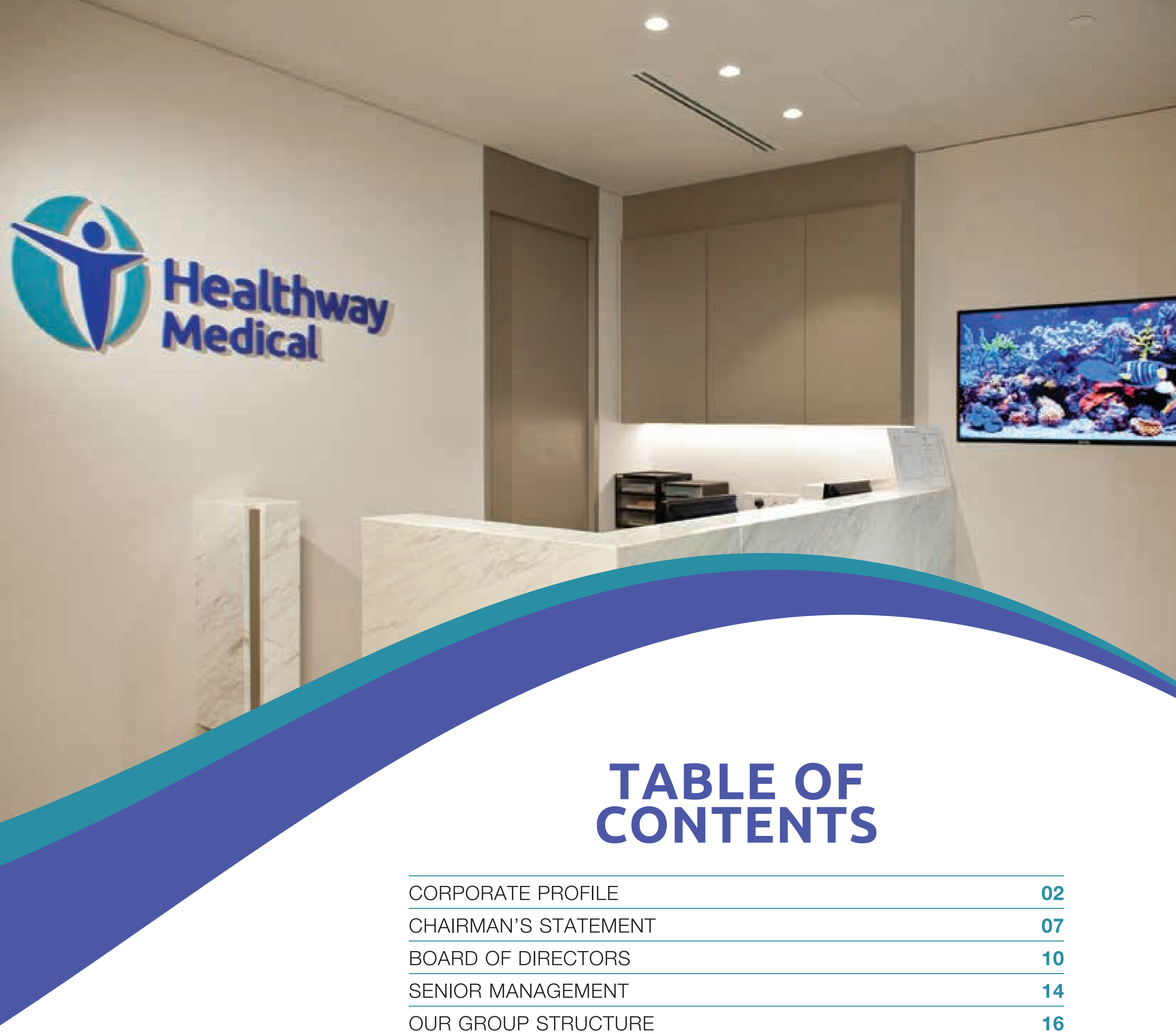
Empowering
Healthier Lives

Healthway
Medical

2018
ANNUAL REPORT

This annual report has been prepared by Healthway Medical Corporation Limited (the "Company") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this 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 (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).



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CORPORATE PROFILE

Healthway Medical Corporation Limited ("Healthway Medical Corporation" together with its subsidiaries, the "Group") is a private healthcare provider, with a network of clinics and medical centres in Singapore.

The Group was started in 1990 with a mission to provide accessible, affordable and quality medical services to our patients, and we remain committed to our mission to this day.

We currently own, operate and manage ninety-seven (97) clinics and medical centres. These facilities are located in most parts of Singapore, including many major private hospitals.

PRIMARY HEALTHCARE DIVISION

Our Primary Healthcare Division is one of the largest private clinic networks in Singapore, comprising of Family Medicine and Dental services. We have sixty-nine (69) General Practitioner (GP) and Dental clinics across the island, that provide outpatient medical services to private patients as well as corporate clientele.

Family Medicine

We provide affordable, quality healthcare at fifty-nine (59) General Practitioner (GP) clinics across the island. In line with the Ministry of Health's (MOH) primary focus to keep Singaporeans healthy by offering preventive care services, our services include general medical consultations, preventive medicine management of chronic medical conditions, health screening packages, travel health services, pre-employment examinations and vaccinations.

Health Screening

Healthway Screening provides a comprehensive range of health screening tailored to the individual who prioritises quality and convenience. Our medical professionals offer personalised recommendations and treatments for patients, helping them to uncover

CORPORATE PROFILE

key insights about their current health status and identify any future risks for early intervention.

Dental

Healthway's dental care experts work collaboratively to put you at ease, while achieving optimal oral health and a beautiful smile. Healthway offers a wide range of services to promote and maintain your oral health such as scaling, polishing, braces, teeth whitening, implants, extractions, wisdom tooth surgery and root canal treatment. We currently have nine (9) clinics located across the island operating under well-known brand names: Healthway Dental, Aaron Dental, Universal Dental and Popular Dental.

Japanese Medical and Dental Centre

We have a dedicated team of Japanese doctors, dentist and medical staff, focused on delivering high quality medical and dental care to our Japanese patients in Singapore and the surrounding region.

The team at the Centre is led by our resident General Physicians Dr Yoshikuni Yasuyo, and Dr Kenichi Sato, a renowned delegate of the Japan Primary Care Association.

CORPORATE HEALTHCARE MANAGEMENT

Our Corporate Sales and Servicing team efficiently assists our corporate clients, to manage their healthcare benefits and provide wellness programmes by customising our services to their needs and requirements. We also offer corporate health talks, on-site mobile health screenings, and vaccination programmes for our clients' ease and convenience.

SPECIALISTS DIVISION

Healthway Medical offers a range of comprehensive specialist disciplines through the Nobel, SBCC, and Island Orthopaedic brands. Our panel of medical specialist consultants, with advanced education,

CORPORATE PROFILE

clinical training and experience in a specific area of medicine, can see to your needs with your best interests in mind. We currently have thirty (30) specialists in nine (9) disciplines.

Baby & Child

Established in 1980, SBCC Baby & Child Clinic is a paediatric group that provides quality and comprehensive medical services for children in Singapore. Our paediatric clinics are easily accessible, located in all major private hospitals and many housing estates. Our paediatricians are trained in many sub-specialty areas in order to serve various baby and child medical needs our patients have, such as General Paediatrics, Child Development, Cardiology, Gastroenterology, Hepatology, Nutrition, Allergy, Immunology, Rheumatology, Asthma, Lung, Sleep and Allergy, Neurology and Neonatology.

Child Development

SBCC Child Development (formerly, Thomson Paediatric Centre - The Child Development Centre) was established in 2010 and provides a range of assessments and therapeutic interventions for infants, children and adolescents. With a team of psychologists, occupational therapists, speech therapists, educational therapists, art psychotherapists, physiotherapist, dietician and early intervention teachers, the team develops individualised strategies and therapies directed at addressing each child's individual needs.

Women's Health

SBCC Women's Clinic offers a comprehensive range of services including general gynaecology services and obstetrics care, women's screening packages, antenatal and pregnancy packages as well as premarital screening packages.

Orthopaedics

Island Orthopaedic Consultants is an established Orthopaedic practice with a team of senior orthopaedic and sports surgeons and physicians who provide a wide spectrum of orthopaedic and trauma services, including knee/hip replacements, sports medicine/surgery, spine surgery and minimally invasive orthopaedic procedures.

Heart (Cardiology)

The Nobel Heart Centre provides a holistic suite of services in cardiovascular disease diagnosis, management, treatment and prevention. The Centre has a fully equipped cardiovascular laboratory, and a team of highly-trained staff who perform elective and emergency angiogram, angioplasty and stent implantation.

Ear, Nose & Throat (Otorhinolaryngology)

Nobel ENT Centre, located at Mt Alvernia Hospital and Gleneagles Medical Centre, manages and treats a full spectrum of Ear, Nose and Throat, and Head and Neck conditions faced by patients of all ages.

CORPORATE PROFILE

Eye & Vision (Ophthalmology)

The Nobel Eye and Vision Centre provides high quality specialist eye examinations with stringent processes, ensuring high levels of safety and accuracy. The Centre also provides active education for patients on preventive eye care.

Colorectal and General Surgery

Nobel Surgery Centre provides accessible and affordable general surgery services, including gastrointestinal, laparoscopic and colorectal surgery. It also implements various programmes to support the prevention of colon cancer, the most common cancer in Singapore.

Digestive Health (Gastroenterology and Hepatology)

Nobel Gastroenterology Centre offers diagnostic and therapeutic services to diagnose and treat a wide range of conditions of the oesophagus, stomach, intestines, bowels, liver, pancreas, and biliary systems. We also provide screening, diagnostic and treatment services for all digestive, liver and bowel problems.

Psychiatry

Our Psychiatrists at Nobel Psychological Wellness Centre treat a wide variety of psychiatric and psychological conditions such as depression, insomnia, OCD, panic disorder, stress-related disorders, ADHD and other conditions.

ALLIED HEALTH

Complementing our specialists are our allied healthcare providers that offer assessments and therapeutic intervention through psychology and physiotherapy services for both adults and children. Together with technical and support staff, they provide holistic treatment and rehabilitation services for patients, to restore and maintain optimal physical, sensory, psychological, cognitive and social functions.

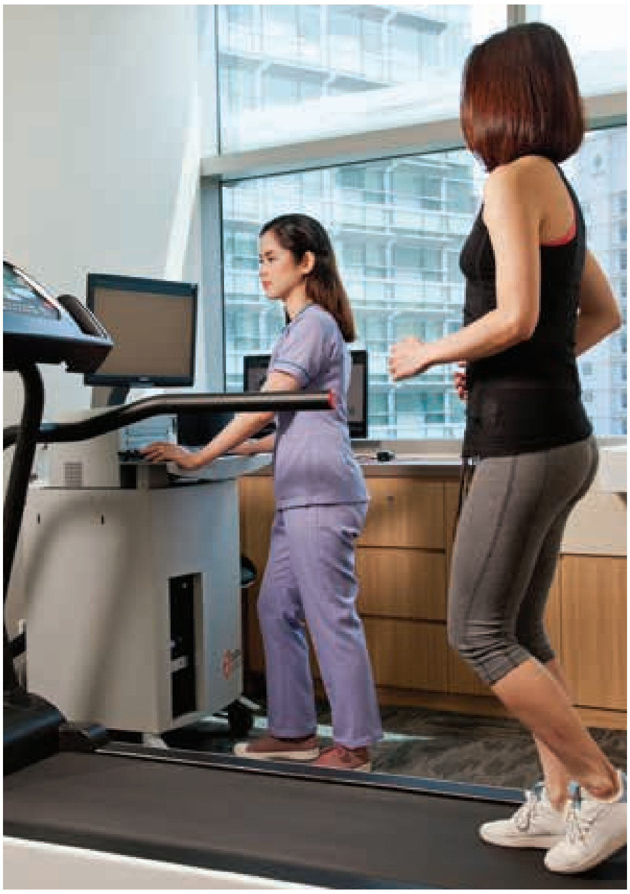
CORPORATE PROFILE

Psychology

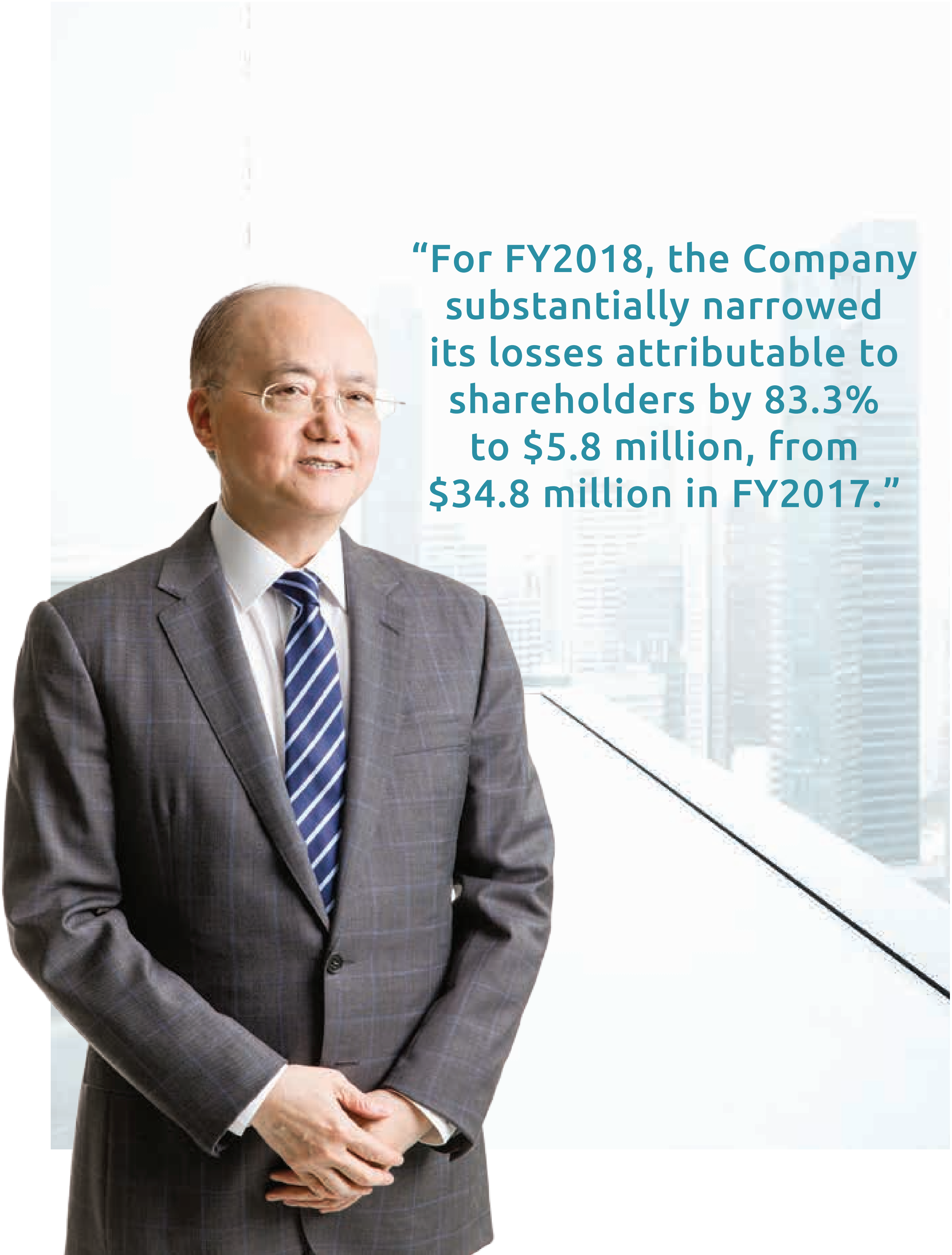
Our team of Psychologists at PsycHealth provide services such as counselling, psychotherapy as well as psychological assessments, to help patients manage difficulties circumstances and challenges, and improve their psychological well-being.

Physiotherapy

Our experienced team of physiotherapists at PhysioAdvance provide holistic treatment and rehabilitation services to restore and maintain optimal physical functions of our patients.



CHAIRMAN'S STATEMENT



"For FY2018, the Company substantially narrowed its losses attributable to shareholders by 83.3% to $5.8 million, from $34.8 million in FY2017."

CHAIRMAN'S STATEMENT

Dear Shareholders,

The financial year ended 31 December 2018 ("**FY2018**") has been a year of transformation and progress for Healthway Medical Corporation Limited ("**the Company**", or together with its subsidiaries "**the Group**"). Building on the positive trajectory of FY2017, we continued to strengthen our foundation through a series of business optimisation initiatives, in line with our Group rebranding. With our new brand and vision, and our continual drive to optimise business operations, the Board and Management are fully committed to empowering healthier lives through a patient-centric and technology-enabled approach. The Company continues to make steady progress towards our goal of becoming one of the leading healthcare providers in Asia.

Financial Performance

For FY2018, the Company substantially narrowed its losses attributable to shareholders by 83.3% to $5.8 million, from $34.8 million in FY2017.

The Company also saw an uplift in revenue and other income in FY2018. Revenue was up 7.5% to S$112.7 million from the year before, an increase of S$7.9 million. This improvement was driven by increased revenue from the Primary Healthcare and the Specialist Healthcare segments, and also includes revenue from clinics owned by Healthway Medical Enterprises Pte Ltd, which was acquired by the Group in the second quarter of FY2017.

Our total operating cost for FY2018 was lower by 12.7% compared to the previous financial year, from S$137.7 million to S$120.2 million. This reduction was largely due to the absence in FY2018 of impairment loss on intangible assets of S$25.0 million, as well as a lower allowance for doubtful trade, loan and other receivables of S$0.4 million. The improvement was offset by an increase in medical supplies, consumables and laboratory expenses of S$1.8 million, which was in line with the increase in revenue, higher depreciation expenses of S$0.2 million, higher staff costs of S$3.0 million, and higher operating lease expenses of S$0.7 million.

In line with our rebranding efforts, there was an increase in expenses of S$1.1 million arising from the write-off of property, plant, and equipment after renovation and refurbishment works for the Group's clinics. At present, the Group has completed refurbishment works at thirty-one (31) clinics, with the remaining clinics expected to undergo refurbishment works over the first two quarters of FY2019. We also further streamlined our business operations and have decided to close certain non-performing clinics, which resulted in a provision for onerous lease contracts of S$1.2 million during FY2018.

Finance costs were lower by S$2.6 million or 87.0%, which was attributable to the absence of interest costs of S$1.5 million on the convertible notes issued in FY2017 Q2 and lower loan interest costs of S$1.4 million, offset by interest expense of S$0.3 million arising from discounting long-term security deposits to its net present value.

As a result, for FY2018 the Group suffered a net loss attributable to shareholders after tax of S$5.8 million. Disregarding the write-off of property, plant and equipment upon renovation of clinics and provision for onerous contracts, the Group net loss before income tax would have been S$3.6 million and the net loss attributable to shareholders would have been S$3.5 million.

Changes in Key Management

Together with the unveiling of our rebranding exercise, we welcomed Dr Khor Chin Kee on board as our new Chief Executive Officer ("**CEO**") in June 2018.

CHAIRMAN'S STATEMENT

A healthcare veteran, Dr Khor leads and oversees all decisions made by the Group, as well as the development of its strategy and direction. With Dr Khor's continued guidance and leadership, we expect to further enhance our operational efficiency amidst the ongoing rebranding initiatives. We look forward to Dr Khor's continued contributions to the Company, as we strive to deliver the highest quality of healthcare services to our patients, while leveraging on his deep expertise in the healthcare industry to support and nurture our staff and doctors.

Optimising Our Business, Empowering Healthier Lives

In Singapore and in the Southeast Asia region, the long-term growth outlook for the healthcare sector continues to be driven by an ageing population and a rising middle class. The Company continues to be well-positioned to serve the healthcare needs of these demographics.

In June 2018, we entered the next phase of transformation and announced our new Company vision and tagline of "Empowering Healthier Lives", placing our patients at the core of all we do. We focused on strengthening and upgrading our primary care network to cater to the growing demand for greater healthcare accessibility and better quality of care.

With guidance from the Board of Directors and our Medical Advisory Board, we improved our operational efficacy and began refurbishment works in our clinics to better cater to the needs of patients across Singapore. These enhancements will ensure that the Company's network of clinics will continue to serve our patients in a pleasant, comfortable and efficient manner.

As part of our ongoing business optimisation strategy, the Management will continue to actively and regularly review the performance of all our business units. In line with this approach, we decided to exit from the Wellness Healthcare Segment in Q3 2018 and focus our efforts on the Group's other business units.

In Appreciation

On behalf of the Board of Directors, I would like to thank Dr Dominic Er for his invaluable guidance and leadership during his time at Healthway Medical Corporation Limited as interim CEO, and welcome Dr Khor Chin Kee on board. We would also like to express our deepest appreciation to all our doctors, clinical professionals and healthcare personnel, who have worked diligently to provide the highest quality of care for our patients.

The Board and Management also wish to express our heartfelt gratitude to our shareholders for the continued support. We are grateful for your ongoing trust, and the growth of the Group would not have been possible without your support.

Mr Lee Luen-Wai, John
Non-Executive Non-Independent Chairman
Healthway Medical Corporation Limited

BOARD OF DIRECTORS

MR LEE LUEN-WAI, JOHN

Non-Executive Non-Independent Chairman

Mr Lee Luen-Wai, John was appointed as Non-Executive Non-Independent Chairman of the Company on 2 August 2017 and was re-appointed on 27 April 2018.

Mr Lee is the Managing Director and Chief Executive Officer of Lippo Limited, an Executive Director and the Chief Executive Officer of Lippo China Resources Limited and Hongkong Chinese Limited, as well as an Independent Non-Executive Director of New World Development Company Limited and UMP Healthcare Holdings Limited, all are public listed companies in Hong Kong. Mr Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Pricewaterhouse (now known as PricewaterhouseCoopers) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr Lee is an Honorary Fellow of the City University of Hong Kong, a Justice of Peace in Hong Kong and an awardee of the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region.

Mr Lee is active in public service. Over the years, he has served as a member or chairman of different government boards and committees in Hong Kong, including a member of the Hong Kong Hospital Authority and the Chairman of the Hospital Governing Committee of the Queen Elizabeth Hospital. Currently, he serves as the Chairman of the Investment Committee of the Hospital Authority Provident Fund Scheme and a member of the Public Service Commission. Mr Lee is also the Chairman of the Hospital Governing Committee of Hong Kong Children’s Hospital.

BOARD OF DIRECTORS

DR STEPHEN RIADY

Non-Executive Non-Independent Director

Dr Stephen Riady was appointed as a Non-Executive Non-Independent Director of the Company on 16 August 2017 and was re-appointed on 27 April 2018. He is a deemed controlling shareholder of the Company. Details of his deemed shareholdings can be found on pages 122 to 124 of the Annual Report.

Dr Riady was appointed as Executive Chairman of OUE Limited on 9 March 2010. He has been serving as Executive Director of OUE Limited since 30 November 2006. OUE Limited is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). He is also an Executive Director of Lippo Limited and has been its Chairman since 1991. He was appointed a director of Lippo China Resources Limited in 1992 and on 25 March 2011, he was appointed as its Chairman. He has been an Executive Director of Hongkong Chinese Limited since 1992 and on 25 March 2011, he was appointed as its Chairman. Dr Riady is also a member of the remuneration committee and nomination committee of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited, which are all listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was also appointed as a Non-Executive Non-Independent Director of OUE Lippo Healthcare Limited in July 2017, which is listed on the Catalist board of the SGX-ST.

His service to society includes such civic engagements as founding honorary advisor of the University of Hong Kong Foundation for Education Development and Research, member of the Boards of Trustees of Volunteer Service Trust and The Better Hong Kong Foundation, member of the Advisory Council of One Country, Two Systems Research Institute, fellow of the Duke of Edinburgh's Award World Fellowship and member of the Advisory Board of Sloan School of Management of the Massachusetts Institute of Technology, United States of America. He was a member of the Council and the Court of Hong Kong Baptist University. Dr Riady was elected as a member to the global board of trustees of the Asia Society on 29 March 2019.

In public service, Dr Riady was a Hong Kong Affairs Advisor from April 1995 to June 1997, appointed by the Hong Kong and Macao Office of the State Council and Xinhua News Agency, Hong Kong Branch of the People's Republic of China ("**PRC**"). In addition, he is a member of the Committee to Promote Economic Co-operation between Fujian and Hong Kong, a committee established by the Provincial Government of Fujian, PRC.

Accolades he has received include the Chevalier de L'Ordre des Arts et des Lettres awarded by the French government, and the Strategic Investment Entrepreneur of the Year in Ernst & Young's annual Entrepreneur of the Year Awards Singapore 2007. He was awarded the 2018 EY Asean Entrepreneurial Excellence Award, an award which recognises successful Southeast Asia businesses that contribute to the economy and community in the region. He is an Honorary Citizen of Shenzhen, PRC.

Dr Riady is a graduate of the University of Southern California, United States of America and holds a Master of Business Administration from Golden Gate University, United States of America. He was conferred an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom, and is one of the first Honorary University Fellows installed by the Hong Kong Baptist University.

BOARD OF DIRECTORS

MR ANAND KUMAR

Non-Executive Non-Independent Director

Mr Anand Kumar was appointed as a Non-Executive Non-Independent Director of the Company on 24 March 2017 and was last re-appointed on 19 July 2017. He is a representative and Partner of Gateway Partners, an investment firm focused on growth capital and special situations across markets in Southeast Asia, South Asia, the Middle East and Africa.

Mr Kumar has over 27 years of experience in Mergers & Acquisitions, Investing, Equity Capital Markets and Leveraged Finance in Southeast Asia. Prior to joining Gateway Partners in 2014, Mr Kumar held leadership positions in several leading investment banks including Standard Chartered Bank and Morgan Stanley.

Mr Kumar holds a Master of Business Administration degree from Vanderbilt University, U.S.A.

MR CHEN YEOW SIN

Lead Independent Director

Mr Chen Yeow Sin was appointed as Lead Independent Director of the Company on 21 July 2017 and was last re-appointed on 27 April 2018. He is the Chairman of the Audit and Risk Committee and the Nominating Committee and a member of the Remuneration Committee.

Mr Chen is the Managing Director of One Partnership, a public accounting corporation that provides audit, tax and business advisory services, where he oversees the firm's operation, risk management and growth strategy. In addition to that, he also heads the Risk Advisory division providing internal audit and enterprise risk management services to listed Companies with operations in Singapore and Asian region. Mr Chen started his accountancy and audit training with a firm of chartered accountant in London. Upon his qualification as a chartered accountant, he worked in two of the Big Four accounting firms in Singapore before joining a US Fortune 500 energy and resource company as the Southeast Asia regional internal audit manager where he was responsible for the risks management, internal controls and conflict of interest investigation.

Mr Chen holds a Bachelor of Science (Honours) degree from University of London and is a Fellow Singapore Chartered Accountant as well as a Fellow Chartered Accountants in England and Wales.

BOARD OF DIRECTORS

MR LIN WEIWEN, MOSES
Independent Director

Mr Lin Weiwen, Moses was appointed as an Independent Director of the Company on 1 August 2016 and was last re-appointed on 27 April 2018. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and the Nominating Committee.

He is a commercial dispute resolution lawyer and has extensive experience dealing with corporate and commercial disputes as well as corporate insolvency and restructuring matters in various industry sectors.

Mr Lin has practised at several local and international law firms including Shook Lin & Bok LLP and Hill Dickinson LLP, and also worked in-house at a marine liability insurer, Charles Taylor Plc.

Mr Lin is currently with Incisive Law LLC which is in a formal legal alliance with international law firm, Ince & Co LLP.

Mr Lin holds a Bachelor of Laws (2nd Class (Upper) Honours) from University College London (UCL) as well as a Graduate Diploma in Singapore Law from the National University of Singapore.

MR SONNY YUEN CHEE CHOONG
Independent Director

Mr Sonny Yuen Chee Choong was appointed as an Independent Director on 10 March 2014, and was last re-elected on 19 July 2017. He is a member of the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee.

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. and a partner of JonDavidson Associate LLP.

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

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

SENIOR MANAGEMENT

DR KHOR CHIN KEE
Chief Executive Officer

Dr Khor Chin Kee is the Chief Executive Officer of Healthway Medical Corporation Limited. As CEO, Dr Khor leads and oversees all decisions made by the Group, as well as the development of its strategy and direction. As Co-founding Partner of Healthway Medical in 1990, Dr Khor went on to hold the role of CEO in United Vision Holdings Pte Ltd, AsiaMedic Ltd and Parkway Shenton, before returning to Healthway Medical Corporation to serve as Senior Medical Advisor and subsequently CEO. He also currently holds directorships in medical related companies uCare.io Pte Ltd and Without Borders Pte Ltd.

MR ABRAM SUHARDIMAN
Chief Operating Officer

Mr Abram Melkyzedeck Suhardiman is Chief Operating Officer of Healthway Medical Corporation Limited. Mr Suhardiman is responsible for overseeing the Healthway Group's operation and corporate support functions including finance, legal, marketing, human resources, corporate communications and information technology divisions. Prior to joining Healthway, Mr Suhardiman served as Vice President at Nuvest Capital. He has also worked at The Abraaj Group where he was part of the investment team in Southeast Asia, and Citibank's investment banking division in Indonesia.

Mr Suhardiman holds a Bachelor of Science and Business Administration from the University of Southern California and a Masters in Finance from Hult Business School.

MR SACHIN SUDHIRBHAI SHETH
Chief Financial Officer

Mr Sachin Sheth is the Chief Financial Officer of Healthway Medical Corporation Limited. Mr Sheth is responsible for overseeing the Group's overall finance, compliance, corporate governance, accounting, corporate secretarial and taxation functions.

Prior to joining Healthway Medical Corporation Limited, he worked at Adcorp Holdings (Singapore) Pte Limited as Chief Financial Officer for Adcorp Group's international business across Australia, Singapore and rest of Africa.

He has more than 20 years of cross-border international experience in the field of finance, banking, M&A, accounting, auditing and taxation and has held several senior roles with local and international companies covering Asia-Pacific, Africa and the European region.

Mr Sheth holds a Chartered Accountant qualification from the Institute of Chartered Accountants of India and a Bachelor of Commerce from Gujarat University, India.

SENIOR MANAGEMENT

MR JORDAN ISAC
Deputy Chief Operating Officer

Mr Jordan Isac is the Deputy Chief Operating Officer of Healthway Medical Corporation Limited. Mr Isac is responsible for supporting the Healthway Group's operation and oversees the following corporate support functions, namely, Human Resources, Sales and Marketing. He is also part of the Chairman's Office, OUE Limited, where he has been involved in various projects for the Group, including OUE Twin Peaks, OUE Downtown and US Bank Tower. Prior to this, Mr Isac served in the Ministry of Foreign Affairs, Singapore, where he covered political developments in the ASEAN and South Asia Directorates.

Mr Isac holds a Bachelor of Chemical Engineering and Economics from the University of Melbourne, a Master in Political Science from the University of Oxford and an Executive Master of Business Administration from Peking University and University of Pelita Harapan.

MR LOUIS POEY
Vice President of Operations

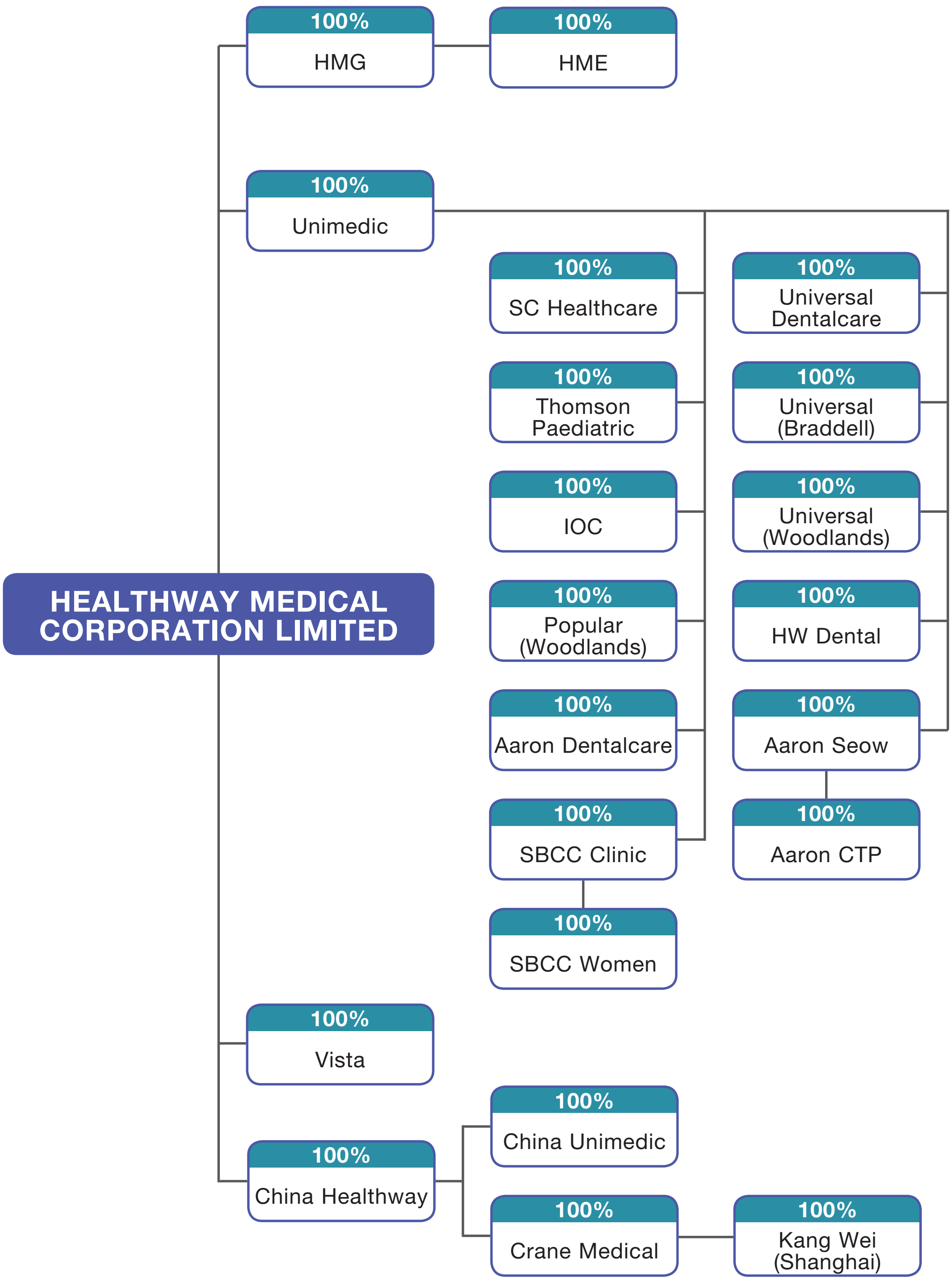
Mr Louis Poey is the Vice President of Operations in Healthway Medical Corporation Limited. Mr Poey is responsible for clinical facility operations and support services of the Group.

In addition to more than 20 years' experience in the healthcare and service industry, Mr Poey has also managed large scale national events in collaboration with the Ministry of Health, to deploy doctors and nurses during the Inaugural Singapore Youth Olympic Games and the 28th SEA Games.

Mr Poey obtained his Master of Business Administration from University of Leicester, UK.

OUR GROUP STRUCTURE

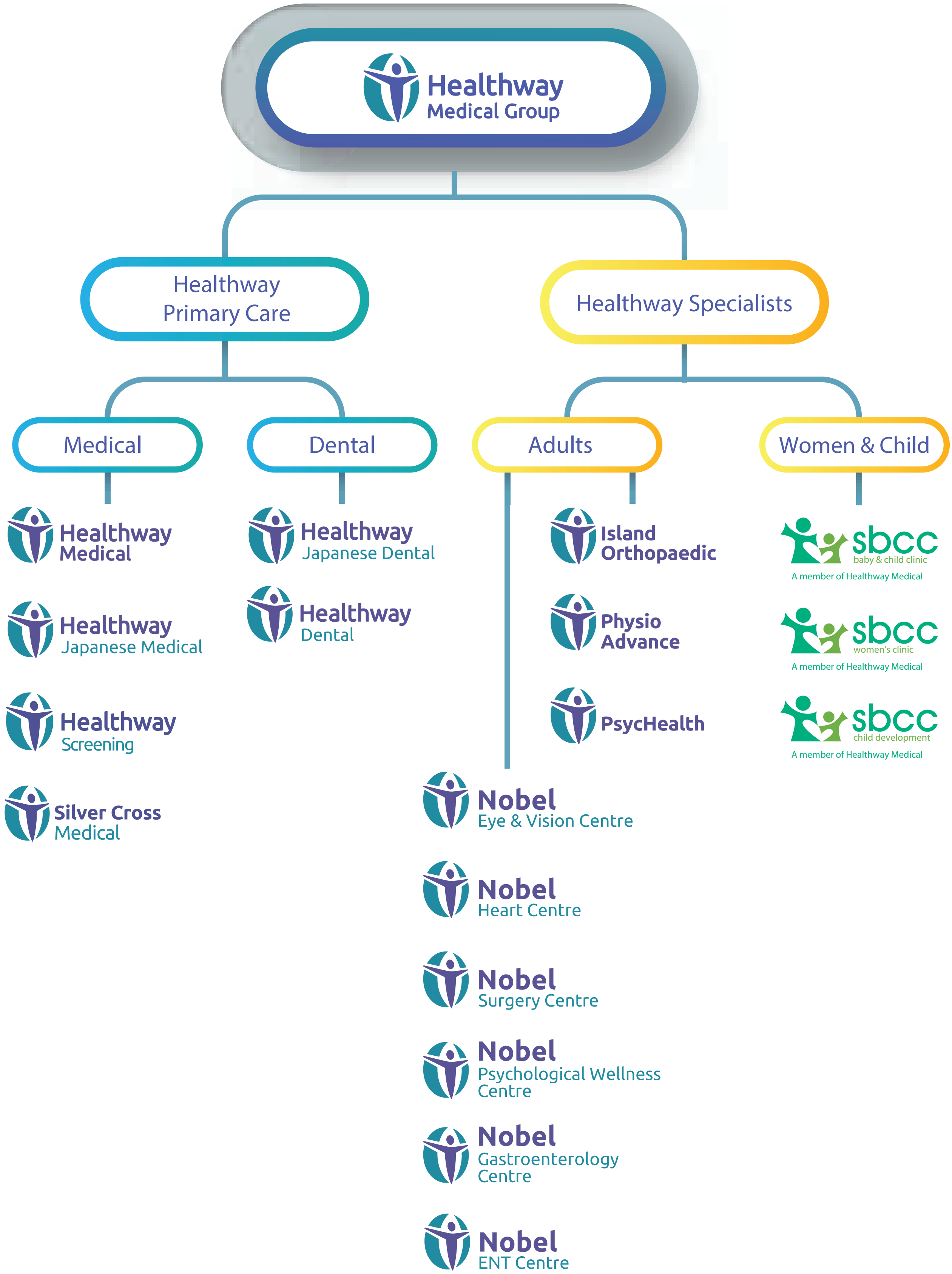
as at 31 December 2018 (unless otherwise stated)



GROUP STRUCTURE DEFINITIONS

"Aaron CTP"	:	Aaron CTP Dental Surgery Pte. Ltd.
"Aaron Dentalcare"	:	Aaron Dentalcare Pte. Ltd.
"Aaron Seow"	:	Aaron Seow International Pte Ltd
"China Healthway"	:	China Healthway Pte. Ltd.
"China Unimedic"	:	China Unimedic Pte. Ltd.
"Crane Medical"	:	Crane Medical Pte. Ltd.
"HW Dental"	:	Healthway Dental Pte. Ltd.
"HME"	:	Healthway Medical Enterprises Pte Ltd
"HMG"	:	Healthway Medical Group Pte Ltd
"IOC"	:	Island Orthopaedic Consultants Pte Ltd
"Kang Wei (Shanghai)"	:	Kang Wei Investment Consultancy (Shanghai) 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.

BRAND ARCHITECTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

LEE LUEN-WAI, JOHN (Non-Executive Non-Independent Chairman)
DR STEPHEN RIADY (Non-Executive Non-Independent Director)
ANAND KUMAR (Non-Executive Non-Independent Director)
CHEN YEOW SIN (Lead Independent Director)
LIN WEIWEN, MOSES (Independent Director)
SONNY YUEN CHEE CHOONG (Independent Director)

AUDIT AND RISK COMMITTEE

CHEN YEOW SIN *(Chairman)*
SONNY YUEN CHEE CHOONG
LIN WEIWEN, MOSES

NOMINATING COMMITTEE

CHEN YEOW SIN *(Chairman)*
SONNY YUEN CHEE CHOONG
LIN WEIWEN, MOSES

REMUNERATION COMMITTEE

LIN WEIWEN, MOSES *(Chairman)*
CHEN YEOW SIN
SONNY YUEN CHEE CHOONG

COMPANY SECRETARIES

RAYMOND LAM KUO WEI
SHEE SHIN YEE

SPONSOR

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

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355

REGISTERED OFFICE

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#10-09 OUE Downtown 2
Singapore 068809
Telephone: (65) 6323 4415
Facsimile: (65) 6235 0809
www.healthwaymedical.com

AUDITORS

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
7 Straits View, #12-00 Marina One East Tower
Singapore 018936
Partner-in-charge: Charlotte Hsu
Effective from the Financial year ended
31 December 2017

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

Standard Chartered Bank
8 Marina Boulevard
Marina Bay Financial Centre Tower 1
Singapore 018981

Healthway Medical

Empowering Healthier Lives

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. On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ("2018 Code"), which takes effect with respect to annual reports of listed issuers relating to financial year commencing on or after 1 January 2019. The Company is early adopting the 2018 Code. This report describes the corporate governance practices and procedures adopted by the Company with specific reference to the 2018 Code and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Catalist Rules"). The Company has complied with the principles and provisions as set out in the 2018 Code and the Catalist Rules where appropriate, except where there are deviation from the 2018 Code, appropriate explanations are provided.

Principle 1: The Board's Conduct of Affairs

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

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. It sets goals, reviews and advises on overall strategies and directions, oversees the effectiveness of the management of the Company (the "Management") and assumes responsibilities for overall corporate governance of the Group to ensure the Group's strategies are in the best interests of the Company and its Shareholders.

Each Director acts in good faith and in the best interest of the Company. They contribute their own expertise, skills, knowledge and experiences to the Board for the benefit of the Shareholders. Where there are circumstances of conflict of interest/possible conflict of interest on any transaction/proposed transaction with the Company/the Group, the Director(s) involved are required to disclose his/her interests in a timely manner and refrained from participating in the meetings/discussion on the matter. Such compliance will be recorded in the minutes of meeting and/or directors' resolutions in writing from time to time, when applicable.

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 financial statements;

– material acquisitions and disposal of assets; and

– all matters of strategic importance.

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The Company has adopted a guideline and policy of authority limits for operation and capital expenditures for the Group. It sets out the procedures and level of authorization required for specific transactions.

The Board is supported by three board committees, namely the audit and risk committee (the "ARC"), the nominating committee (the "NC") and the remuneration committee (the "RC") (collectively, the "Board Committees"), all of which operate within clearly defined terms of reference and functional procedures. During FY2018, the audit committee be renamed as ARC and a management risk committee was formed as a sub-committee of the ARC to oversee the enterprise risk management function of the Group.

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 Management.

The Board conducts scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Company's Constitution (the "Constitution") provides for participation in meetings via audio or visual means. 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 2018 ("FY2018") are disclosed as follows:–

	Board	**ARC**	**NC**	**RC**
Number of meeting held	**5**	**6**	**1**	**1**
Name of Director	**Number of meetings attended**			
Lee Luen-Wai, John	5	–	–	–
Dr Stephen Riady	3	–	–	–
Anand Kumar	5	–	–	–
Chen Yeow Sin	5	6	1	1
Sonny Yuen Chee Choong	5	6	1	1
Lin Weiwen, Moses	5	6	1	1

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 Management.

The Board as a whole is updated quarterly by Management, auditors and/or Company Secretaries, during the Board and ARC 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. There were no incoming directors during the financial year under review. For first-time Directors, the Company will arrange relevant training courses for them to familiarise with the duties and responsibilities as a Director of a listed company.

The Company encourages Directors to attend training courses organised by the Singapore Institute of Directors ("SID") or other training institutions in connection with their duties as Directors. The Company had signed up for a corporate membership with the SID for two (2) years. The membership will enable the use of this one-stop corporate governance resources centre for Directors to enable the Directors to receive further relevant knowledge and personal development. The NC makes recommendations to the Board to put in place a policy to review Directors' skills and competence and assess the areas of trainings needed as part of the continuous development and funding of the training and professional development programmes for the Directors.

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The details of seminars, conferences and training programmes attended by some of the directors in FY2018 include:

- the Company Secretary briefed the Board on the 2018 Code
- SID – Launch of 2018 Singapore Directorship Report & Corporate Governance Guide
- ACRA-SGX-SID Audit Committee Seminar 2019
- SID – The Listed Company Director Programme (LED 5) – Audit Committee Essentials

In order to ensure that the Board is able to fulfil its responsibilities, 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 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 Management to Non-Executive Directors are as follows:–

Types of information provided by Management 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)	Half-yearly
4.	Reports on on-going or planned corporate actions	Quarterly
5.	Enterprise risk framework, internal auditors' ("IA") report(s), and external auditor's report(s)	Annually
6.	Research report(s)	As and when available
7.	Shareholding statistics	Half-yearly

In furtherance of their duties, the Directors may 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 their duties and responsibilities. The appointment of such independent professional advisers is subject to the approval of the Board.

The Company Secretaries attend all Board and Board Committees' meetings. Together with 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 (the "Act"), and the provisions in the Catalist Rules are complied with. The appointment or removal of the Company Secretaries is a matter for the Board as a whole.

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.

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Principle 2: Board Composition and Guidance

The Board currently has six (6) Directors, comprising three (3) Independent Directors and three (3) Non-Executive Non-Independent Directors. With at least half of the Board consists of Independent Directors, there is a strong element of independence on the Board. Information regarding each Board member is provided under the Board of Directors section set out on pages 10 to 13 of this report. The Board comprises all Non-Executive Directors (including the Independent Directors). With their expertise and competency in their respective fields, they engage in open and constructive debate and challenge Management on its strategy proposals and assist in reviewing the performance of Management in achieving set objectives. They are well-supported by Management with accurate, complete and timely information to enable them to make informed decisions.

Pursuant to Provision 2.2 of the 2018 Code, the Independent Directors shall make up of a majority of the Board where the chairman is not independent. The chairman of the Board, Mr Lee Luen-Wai, John, is a Non-Executive Non-Independent Director. Mr John Lee has expressed his intention to retire as a Director of the Company at the conclusion of the Shareholders' Meetings to be held on 26 April 2019 ("Meetings"). The Company is proposing the appointment of Mr Sin Boon Ann as an Independent Non-Executive Chairman and as the new member of each of the Board Committees. Subject to the passing of the resolution on Mr Sin's appointment by the shareholders, the chairman of the Board is an Independent Non-Executive Director with the Independent Directors remain at least half of the Board.

The independence of each Director is reviewed annually by the NC. The NC adopts the definition in the 2018 Code and the Catalist Rules 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 substantial 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 Chen Yeow Sin, Mr Sonny Yuen Chee Choong, Mr Lin Weiwen, Moses and Mr Sin Boon Ann are independent. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs.

Mr Chen Yeow Sin is the Lead Independent Director (the "Lead ID"). He acts as the leader of the Independent Directors at Board Meetings to provide non-executive perspectives and contribute a balance of viewpoints on the Board. In addition, Shareholders with concerns may contact the Lead ID where their concerns cannot be resolved through the normal channels via Chairman or Chief Executive Officer ("CEO"), or when such contact is not possible or inappropriate. The Independent Directors, led by the Lead ID, 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 FY2018, the Independent Directors have met separately prior to the scheduled meetings without the presence of other Non-Executive Non-Independent Directors and Management. Lead ID provided feedback on issues discussed to Chairman of the Board.

With regard to Guideline 2.4 of the Code of Corporate Governance 2012 (continues to apply until 1 January 2022), which requires that the independence of any director who has served on the Board beyond nine (9) years from the date of his first appointment should be subject to rigorous review, the NC is charged with the responsibility of monitoring and determining if a director remains independent in accordance with the Code. As at the date of this report, there is no independent director who has served on the Board for nine (9) years or beyond from the date of his first appointment.

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Each Director has been appointed based on the strength of his calibre, experience and stature. The Board is made up of Directors with a wide range of skills, experience and qualifications, ranking from legal, accounting and finance expertise to industry knowledge, entrepreneurial and management experiences relevant to the Group's business.

The Board and 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	4	67%
– Business management	6	100%
– Legal or corporate governance	6	100%
– Relevant industry knowledge or experience	5	83%
– Strategic planning experience	5	83%
– Customer based experience or knowledge	6	100%

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 Company has put in place a Board Diversity Policy which provides that, in reviewing the Board composition, the NC will consider the benefit of all aspects of diversity, including diversity of skills, experiences, gender, age, ethnicity and other relevant factors. The Company has embraced all aspects of diversity in the current Board composition save for gender diversity. The Board recognises the importance and value of gender diversity, however, the Board's collective view is that it should not be the main selection criteria and that merit of candidates, the right blend of skills, industry knowledge, needs of the Company, shall remain a priority.

The Board has also 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-election of incumbent directors.

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Principle 3: Chairman and Chief Executive Officer

The Board is chaired by Mr Lee Luen-Wai, John, Non-Executive Non-Independent Chairman of the Company while Dr Dominic Er Kong Kiong was appointed as the Interim CEO of the Company on 16 August 2017. During FY2018, Dr Er resigned as the Interim CEO on 31 May 2018 and Dr Khor Chin Kee was appointed as the CEO since 1 June 2018.

Chairman and the CEO are not related to each other. There is a clear division of responsibilities between the Chairman and the CEO, which ensures there is a balance of power, increased accountability and greater capacity of the Board for independent decision-making.

Chairman is responsible for ensuring the effectiveness of the Board and Board Committees as well as the governance process. He promotes an open environment for debates, ensure sufficient allocation of time for thorough discussion of board meeting agenda and provides close oversight, guidance, advice and leadership to CEO and Management. Chairman, with consultation of Management, sets the agenda of the Board meetings and 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. Chairman will play a pivotal role in fostering constructive dialogue between Shareholders, the Board and Management.

Dr Khor is responsible for the overall management and operations of the Group which includes effectively managing and supervising the day-to-day business operations of the Group in accordance with the strategic plans endorsed by the Board; regular report to the Board on all aspects of the Group's operations and performance; monitoring and reviewing of risk management function and the operation of the management risk committee.

Principle 4: Board Membership

The NC is established to ensure there is a formal and transparent process for the appointment and re-appointment of Directors. The NC has written terms of reference that describe the responsibilities of its members. The NC comprises Mr Chen Yeow Sin, Mr Sonny Yuen Chee Choong and Mr Lin Weiwen, Moses. The three (3) members are Independent Directors. Mr Chen is the chairman of the NC.

The principal functions of the NC are as follows:–

– reviewing and recommending to the Board;

  i. candidates for the appointment or re-appointment of members of the Board, the CEO, president and executive directors of the Company and members of the various Board Committees;

  ii. board succession plans for directors;

  iii. training and professional development programs for the Board; and

  iv. the criteria for identifying candidates and reviewing nominations for the appointments.

– proposing objective performance criteria for and undertake regular evaluation of the Board as a whole and that of the contribution and performance (e.g. attendance, preparedness, participation and candour) of each individual director to the effectiveness of the Board;

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– deciding whether or not a director is able to and has been adequately carrying out his duties as a Director;

– reviewing the appointment of alternate directors;

– identifying gaps in the mix of skills, experience and other qualities required in an effective board so as to better nominate or recommend suitable candidate(s) to fill these gaps; and

– determining annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in the 2018 Code and the Catalist Rules.

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/her 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 pursuant to the Company's Constitution.

The NC meets at least once a year. Under Regulation 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. All Directors are required to retire from office at least once every three (3) years. This is in line with the new Rule 720(4) of the Rules of Catalist which took place on 1 January 2019. All new Directors appointed by the Board during the financial year shall hold office only until the next AGM, but will be eligible for re-appointment at that AGM. The NC will assess and evaluate whether Directors retiring at each AGM are properly qualified for re-appointment by virtue of their skills, experience, performance and contributions to the Board.

In accordance with the Regulation 98 of the Company's Constitution, Mr Anand Kumar and Mr Sonny Yuen Chee Choong are subject to retirement by rotation at the forthcoming AGM. Mr Sonny Yuen has expressed his intention of retirement via a notice to the Board that he does not wish to stand for re-election as a Director at the forthcoming AGM. The Board has accepted the notice and upon the conclusion of the Meetings, Mr Sonny Yuen will cease to be the Director of the Company and consequently shall cease to be the member of each of the ARC, NC and RC.

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As Mr John Lee and Mr Sonny Yuen are retiring as the Directors of the Company upon the conclusion of the Meetings, the Company is proposing the appointment of two (2) new Directors, Mr Sin Boon Ann, as a Independent Non-Executive Chairman and Mr Abram Melkyzedeck Suhardiman, as an Executive Director for Shareholders approval by way of ordinary resolutions. The information about Mr Sin and Mr Suhardiman as required to be furnished pursuant to Rule 720(5) of the Catalist Rules can be found on pages 42 to 49 of this report.

The NC has recommended to the Board that Mr Anand Kumar be nominated for re-election at the forthcoming AGM pursuant to Regulation 98 of the Company's Constitution. In making the recommendations, the NC had considered the Director's overall contributions and performance. Mr Anand Kumar will, upon re-election as a Director of the Company, remain as the Non-Executive Non-Independent Director. The additional information relating to Mr Anand Kumar as required under Rule 720(5) of the Catalist Rules can be found on pages 42 to 49 of this report.

The NC has, also recommended to the Board that Mr Sin Boon Ann and Mr Abram Melkyzedeck Suhardiman will, subject to Shareholders' approval, be appointed and deemed to have been re-elected as the Directors of the Company pursuant to Regulation 100 of the Company's Constitution. Mr Sin Boon Ann is considered independent by the Board for the purposes of Rule 704(7) of the Catalist Rules and will upon re-election, remain as the Independent Director and as a member of each of the Board Committees. Whilst, Mr Abram Melkyzedeck Suhardiman, will upon re-election, remain as an Executive Director of the Company.

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 FY2018. As such, the Board does not propose to set the maximum number of listed company board representations and principal commitments which Directors may hold until such need arises. The NC would continue to review from time to time the board representations and principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

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

Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies		Other Principal Commitments
			Present	Past Three Years	
Lee Luen-Wai, John	2 August 2017	27 April 2018	Overseas • Hongkong Chinese Limited • Lippo China Resources Limited • Lippo Limited • New World Development Company Limited • UMP Healthcare Holdings Limited	Overseas • New World China Land Limited	Overseas • Hospital Authority Provident Fund Scheme (Chairman of the Investment Committee) • Public Service Commission (Member) • Hong Kong Children's Hospital (Chairman of the Hospital Governing Committee) (w.e.f. 1 April 2018)
Dr Stephen Riady	16 August 2017	27 April 2018	Singapore • OUE Limited • OUE Lippo Healthcare Limited Overseas • Hongkong Chinese Limited • Lippo China Resources Limited • Lippo Limited	Singapore • Auric Pacific Group Limited (delisted on 17 April 2017)	Executive Chairman of: • OUE Limited • Lippo Limited • Lippo China Resources Limited • Hongkong Chinese Limited

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Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies		Other Principal Commitments
			Present	Past Three Years	
Anand Kumar	24 March 2017	19 July 2017	–	–	Singapore • Gateway Management Company Pte. Ltd. • Gateway Fund Company Pte. Ltd. • GW Crown Pte. Ltd. • GW Confectionary Pte. Ltd. • GW Supernova Pte. Ltd. • GW Three Pte. Ltd. • Angsana Airport Services Pte. Ltd. • GW Redwood Pte. Ltd. • GW Iris Pte. Ltd. • Mahogany Singapore Company Pte. Ltd. Overseas • Gateway Partners Limited • Gateway (Cayman) Limited • Gateway Holdings Limited • Gateway Capital Partners Limited • GW Active Limited • Angsana International Limited • ASN Investments Limited • GW Finance Limited • GW Orchid Limited • GW Investments Limited *Note:* *All the above entities are entities associated with Mr. Kumar's principal occupation as a Partner and Investment Committee member at Gateway Partners.*
Chen Yeow Sin	21 July 2017	27 April 2018	–	Singapore Imperium Crown Limited	Singapore • One Partnership (Managing Director)

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Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies		Other Principal Commitments
			Present	Past Three Years	
Sonny Yuen Chee Choong	10 March 2014	19 July 2017	–	–	Singapore • JonDavidson Pte Ltd (Managing Director) • JonDavidson Associate LLP (Partner)
Lin Weiwen, Moses	1 August 2016	27 April 2018	–	–	Singapore • Incisive Law LLC (Director)

Further details of the Directors are provided under the Board of Directors section set out on pages 10 to 13 of this 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 and Board Committees' 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.

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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 under review, 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. Chairman, in consultation with the NC, acted on the results of the performance evaluations. Where appropriate, 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 the performance evaluation criteria and objectives during the financial year under review.

Principle 6: Procedures for Developing Remuneration Policies
Principle 7: Level and Mix of Remuneration
Principle 8: Disclosure on Remuneration

The RC has written terms of reference that describe the responsibilities of its members. The RC comprises Mr Lin Weiwen Moses, Mr Chen Yeow Sin and Mr Sonny Yuen Chee Choong. The three (3) members are Independent Directors. Mr Moses Lin is the chairman of the RC.

The principal functions of the RC are as follows:–

– reviewing and recommending specific remuneration packages, including annual increments, variable bonus, share option grants and other incentive plans, of the executive Chairman, executive directors and key management personnel;

– recommending to the Board the policies and general framework for remuneration of the Board and key management personnel; and

– reviewing and recommending the non-executive directors and each non-executive director's fees and remuneration, of shareholders' approval at the AGM.

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.

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The RC adopted the guidelines set out in the Statement of Good Practice issued by the SID to determine the scale of the Directors' fees for FY2018. Except for Messrs Lee Luen-Wai, John, Stephen Riady and Anand Kumar, all Directors will receive the base fee for being a member of the Board and additional fees for being a member of the Board Committees (collectively, the "Directors' fees"), which will be subject to the shareholders' approval at the forthcoming AGM.

For the financial year under review, except for, Non-Executive Non-Independent Directors of the Company namely Messrs Lee Luen-Wai, John, Stephen Riady and Anand Kumar, the Independent Directors of the Company will be paid the Directors' fees, which are determined by the Board, appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of the Independent Directors. Further details of the breakdown of the remuneration of each Director are provided on page 34 of this report.

The Company does not have any executive director for the financial year under review. The review of the remuneration of the key management personnel takes into consideration the performance and the contributions of the key management personnel 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, aligning their interests with the interests of the shareholders.

The following performance conditions were chosen for the Group to remain competitive and to motivate the executive directors (if any) and key management personnel 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	1. Current market and industry practices

Notwithstanding the challenging environment in FY2018, the RC is satisfied that the performance conditions were met for FY2018.

There is no termination, retirement or any post-employment benefits to Directors and key management personnel during FY2018.

Currently, the Company does not have any employee share option scheme or other long-term employee incentive scheme. The Company is seeking shareholders' approval for the adoption of the Heathway Medical Performance Share Plan (the "Performance Share Plan") at the extraordinary general meeting to be held on 26 April 2019 following the conclusion or adjournment of the forthcoming AGM. The grant of share awards to employees (including doctors) under the Performance Share Plan, if approved by the shareholders, is designed to motivate staff towards strategic business objectives and for staff retention.

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The remuneration of each individual Director and CEO 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 breakdown of the remuneration (in percentage terms) of each Director and the CEO for FY2018 is set out below:–

Name of Director/CEO	Fee %	Salary %	Bonus %	Benefits* %	Total %
Below S$250,000					
Lee Luen-Wai, John	–	–	–	–	**–**
Dr Stephen Riady	–	–	–	–	**–**
Anand Kumar	–	–	–	–	**–**
Chen Yeow Sin	100	–	–	–	**100**
Sonny Yuen Chee Choong	100	–	–	–	**100**
Lin Weiwen, Moses	100	–	–	–	**100**
Dr Dominic Er[1]	–	–	100	–	**100**
Dr Khor Chin Kee[2]	–	94	–	6	**100**

Notes:–
1. Dr Dominic Er was appointed as Interim CEO of the Company on 16 August 2017 and resigned on 31 May 2018.
2. Dr Khor Chin Kee was appointed as CEO of the Company on 1 June 2018.
* Other benefits include mainly employers' contributions to the Central Provident Fund and transport allowances.

The Code defines "key management personnel" as the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company. The Company takes the view that, save for the CEO, there are no persons that have the authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, the Company only has one (1) key management personnel during FY2018.

Mr Abram Melkyzedeck Suhardiman, the Chief Operating Officer of the Group, is the son-in-law of Dr Stephen Riady, the Non-Executive Non-Independent Director of the Company, and his remuneration was within the band of S$100,000 to S$200,000 in FY2018. Save as disclosed, there are no employees who are immediate family members of a director or CEO or a substantial shareholder and whose remuneration exceeds S$100,000 during the year.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the executive director and key management personnel in exceptional circumstances such as misstatement of financial results, or of misconduct resulting in financial loss.

Principle 9: Risk Management and Internal Controls

The Board believes that the system of internal controls maintained by 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 Group has put in place an enterprise risk management framework that incorporates a risk register to capture significant business risks, optimise resources and strategies and internal controls to mitigate the Group's risks.

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To assist the ARC in its oversight of risk management and internal control functions, the management risk committee was formed during the year under a written terms of reference. The management risk management reports to the ARC on half-yearly basis. The management risk committee undertakes risk review from the Group's perspective, records the inherent risks, conduct cause and impact analysis, risk treatment and assessment of residual risks and target residual risks.

The Board has received the assurance (the "Assurance") from:

(i) the CEO and the Chief Financial Officer that the financial records have been properly maintained and the financial statements for FY2018 give a true and fair view of the Company and the Group's operations and finances; and

(ii) the management risk committee of the Company, led by the CEO, that the Group's risk management and internal control systems were adequate and effective for FY2018, based on enterprise risk management framework and the internal control policies and procedures established and maintained by the Company and the Group.

In line with the Listing Rule 705(5) of the Catalist Rules, the Board provides a negative assurance statement to the Shareholders in its interim quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Company had, pursuant to the Rule 720(1) of the Catalist Rules, received undertakings from all its directors and executive officers that they each shall, in the exercise of their powers and duties as directors and officers comply with the best of their abilities with the provisions of the SGX-ST's listing rules, the Securities and Futures Act (Chapter 289), the Singapore Code on Take-overs and Mergers and the Act and will also procure the Company to do so.

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 Management and various Board Committees and the Assurance received, the Board with the concurrence of the ARC is of the opinion that the Group's internal controls including the financial, operational, compliance and information technology controls and risk management systems of the Company were adequate and effective as at 31 December 2018.

The Board and the ARC 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.

REPORT OF CORPORATE GOVERNANCE

Principle 10: Audit and Risk Committee

The ARC, which has written terms of reference clearly setting out its authority and duties, is currently made up of three (3) Independent Directors, namely Mr Chen Yeow Sin, Mr Sonny Yuen Chee Choong and Mr Lin Weiwen, Moses. All the members are Independent Directors. Mr Chen is the chairman of the ARC. The Board is of the view that all members of the ARC have sufficient accounting and/or related financial management expertise and experience in discharge their responsibilities as members of the ARC. None of the ARC members were former partners or directors of the Company's external auditor, Messrs PricewaterhouseCoopers LLP ("PwC") and the internal auditor, Messrs Baker Tilly TFW ("Baker Tilly") within the last two (2) years or hold any financial interest in PwC and Baker Tilly.

The Board is of the view that the ARC has the necessary experience and expertise required to discharge its duties.

The principal responsibilities of ARC include the following:–

– reviewing and recommending the quarterly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

– reviewing the assurance from the CEO and Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Company and the Group's operations and finances;

– recommending the appointment or re-appointment of the external auditors;

– reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;

– reviewing the independence of the external auditors annually;

– reviewing with the management risk committees, Management and the internal and external auditors, significant risks or exposures that exist and assess the steps Management has taken to minimise such risk to the Company;

– considering, in consultation with the external auditors, the audit scope and plan;

– reviewing and assessing the adequacy and effectiveness of the Company's risk management system and system of internal control (including financial, operational, compliance and information technology controls) and management information systems through discussions with the management risk committee and the internal and external auditors;

– reviewing the effectiveness of the internal audit function and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group;

– reviewing with the internal auditors, the work plan, scope and results of the internal audit procedures;

– reviewing interested person transactions and potential conflict of interests falling within the scope of the Chapter 9 of the Catalist Rules;

– reviewing legal and regulatory matters that may have a material impact on the financial statements, related compliance policies of the SGX-ST, and programs and reports received from regulators.

REPORT OF CORPORATE GOVERNANCE

In addition, the ARC 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 ARC has full access to, and the co-operation of Management. The ARC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

The ARC meets on a quarterly basis to review the quarterly and audited annual financial statements, SGXNET announcements and all related disclosures to shareholders before submission to the Board for approval. The ARC reviews the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems through discussion with Management and its auditors and report to the Board annually.

The ARC 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 ARC has reasonable resources to enable it to discharge its functions properly. The external auditors present to the ARC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the ARC meetings. The ARC has met with the external and internal auditors, without the presence of Management during FY2018.

Certain Singapore-incorporated subsidiaries of the Company were audited by different auditors as disclosed in Note 14 to the financial statements in this report. The Board and ARC 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 PwC, the Company's independent external auditor based on the adequacy of resources and experience of the other auditors. Therefore, Rule 712 and Rule 716 of the Catalist Rules have been complied with by the Company.

The aggregate amount of fees paid or payable to PwC, broken down into audit and non-audit services during FY2018 are as follows:–

Audit fees	S$525,200
Non-audit fees	S$31,000
Total	**S$556,200**

The ARC will review the independence of the external auditors annually. The ARC has considered the nature and extent of the non-audit services provided will not prejudice the independence and objectivity provided by PwC before nominating them for re-appointment.

Having reviewed PwC's independence and in the ARC's opinion, PwC is suitable for re-appointment and the ARC has accordingly recommended to the Board that PwC be nominated for re-appointment as auditors of the Company at the forthcoming AGM.

The internal audit ("IA") function of the Group has been outsourced to Baker Tilly, an independent accounting and auditing firm. The IA's primary line of reporting is to Chairman of the ARC. The ARC will review the internal audit plan to ensure that the scope is adequate and covers the review of the significant business functions of the Group and all internal audit findings and recommendations are submitted to the ARC for deliberation with copies of these reports extended to the relevant key management executives. The ARC approves the appointment, evaluation and fees of the internal audit firm. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the ARC.

REPORT OF CORPORATE GOVERNANCE

The IA is guided by the International Standards for the Professional Practice of Internal Auditing ("IIA Standards") issued by the Institute of Internal Auditors.

In FY2018, the ARC has reviewed with Baker Tilly their audit plan and their evaluation of the system of internal controls, their findings relating to the effectiveness of material internal controls, including financial, operational and compliance controls and Management's responses to those findings. The ARC is satisfied that Baker Tilly is independent, effective, adequately qualified (given, *inter alia*, its adherence to IIA Standards) and resourced and has the appropriate standing within the Group to discharge its duties effectively.

During the year under review, PwC highlighted to the ARC and the Board the significant matter that required the ARC's attention arising from their audit of the financial statements. In this regard, the ARC reviewed and discussed with PwC, the following significant matter:–

Significant matter	**How the ARC reviewed the matter and what decisions were made**
Impairment assessment of goodwill and brand names with indefinite useful lives	The ARC considered the approach and valuation methodology applied in the impairment assessment for goodwill and brand names with indefinite useful lives. It reviewed the reasonableness of the cash flow forecasts and the key assumptions used which included the revenue growth rates, discount rate and the long-term growth rate. The impairment assessment of goodwill and brand names with indefinite useful lives was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2018. Refer to page 54 of this report.

Independent Review

With regard to appointment of BDO LLP as independent reviewer to look into the extensions of loans by the Group to Healthway Medical Enterprises Pte Ltd ("HME") and Wei Yi Shi Ye Co. Ltd. ("Wei Yi") with the objective of establishing whether there are any breaches of the Catalist Rules (the "Independent Review"), on 30 July 2018, BDO LLP had issued its Independent Review report to the Company with their findings. Summary of the key findings of the Independent Review was set out in the announcement released via SGXNET on 30 July 2018. Given that the Independent Review report did not identify any breaches of the Catalist Rules or any irregular transactions or irregular disbursements of funds arising out of the loan extended by the Group to HME and Wei Yi, the Board did not envisage any further action to be taken in relation to the matters arising out of the Independent Review report.

Whistle-blowing Policy

The ARC 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 Chen Yeow Sin, the ARC 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 Chen Yeow Sin, the ARC Chairman at whistleblow@healthwaymedical.com

REPORT OF CORPORATE GOVERNANCE

Principle 11: Shareholder Rights and Engagement
Principle 12: Engagement with Shareholders
Principle 13: Managing Stakeholder Relationships

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 Catalist Rules, the Company has issued additional announcements to update Shareholders on the activities of the Company and the Group in FY2018.

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). The Company's corporate information as well as the annual report are accessible on the Company's website.

All Shareholders will receive the Company's annual report and notice of AGM together with the explanatory notes or a circular on items of special business on a timely basis on accordance with the legal requirements. 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 endeavors to communicate regularly and effectively with the Shareholders. Currently, the Company does not have an investor relations policy. However, Shareholders are encouraged to visit the Company's website at www.healthwaymedical.com for information of the Company. There is a dedicated investor contact in the Company's website where the Shareholders are encouraged to call or write to the Company if they have questions. The investor relations representative will response to the queries and emails requesting information promptly.

The Chairman of the Board and the Board Committees and CEO as well as the external auditors will be present and on hand to address all issues raised at the AGM. 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. All Directors (save for Dr Stephen Riady and Mr Sonny Yuen) have attended the 2018 AGM.

The Constitution of the Company allows 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 Act, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than two (2) 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 in the presence of independent scrutineer. Votes cast, for or against, and the respective percentages on each resolution are announced via SGXNET on the same day of the general meeting.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and response from the Board and Management. These minutes will be available to shareholders upon request. The Company will consider uploading the minutes to the Company's website from the financial year ending 31 December 2019 onwards.

REPORT OF CORPORATE GOVERNANCE

The Company recognises the vitality on stakeholders engagement for the Company's long-term sustainability. The Company engages with key stakeholders such as patients, suppliers, employees, investors, as well as government and regulators, to align the Company's sustainable approach with their expectations. The Company formulates policies and activities to better understand the material topics that will affect them. Further information on how the Company engages the stakeholders and approach to material topics will be detailed in the sustainability report 2018 which will be published in May 2019.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividend will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion and other factors that the Board may deem appropriate. The Board had not declared or recommended dividend payment for FY2018 as the Company was not profitable for FY2018.

Dealing in Securities

The Company has adopted policies in line with the requirements of Rule 1204(19) of the Catalist Rules 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 ARC 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 Group.

The Company does not have general mandate for interested person transactions. The aggregate values of interested person transactions entered into by the Group during FY2018 which fall under Chapter 9 of the Catalist Rules are as follows:–

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 interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Alkas Realty Pte Ltd	S$2,000,038	–

Note:–
The Company has on 3 December 2018 accepted two (2) letters of offer issued by Alkas Realty Pte Ltd ("**Alkas**"), a wholly-owned subsidiary of OUE Limited to lease units located at OUE Downtown Gallery. Alkas is considered an associate of the Company's controlling shareholders.

REPORT OF CORPORATE GOVERNANCE

Non-Sponsor Fees

There was no non-sponsor fee paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2018.

Material Contracts and Loans

Pursuant to Rule 1204(8) of the Catalist Rules, save for the leases entered into with Alkas on 3 December 2018 as disclosed under interested person transaction in this report, the Company confirmed that there were no other material contracts and loans of the Company and its subsidiaries involving the interests of any Director or controlling shareholder of the Company, either still subsisting at the end of FY2018 or if not then subsisting, which were entered into since the end of the previous financial year.

Use of Proceeds
Tranche 2 of Convertible Notes ("T2 CN B")

On 21 April 2017, the Company raised S$59.8 million (after deducting estimated expenses of S$0.2 million) from the issuance of T2 CN B ("T2 CN B Net Proceeds"). On 29 December 2017, the Company announced certain reallocation of the T2 CN B Net Proceeds and subsequent thereto, the Company regrouped the initial intended use of proceeds ("Regrouping") and reallocated the balance unutilized proceeds ("Further Re-allocation"). As at 29 March 2019, the T2 CN B Net Proceeds have been utilised as follows:–

Intended Purposes (after Regrouping)	Amount allocated after Regrouping and Further Re-allocation (S$ million)	Amount utilised as at 29 March 2019 (S$ million)	Amount Unutilised as at 29 March 2019 (S$ million)
Working Capital	39.80	34.38[(1)]	5.42
Acquisition of GP and Specialist clinics	20.00	2.10	17.90
Total	**59.8**	**36.48**	**23.32**

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

SUSTAINBILITY REPORTING

The Company has published its first sustainability report ("SR") on 28 December 2018 and such report is made available to shareholders on the SGXNET and the Company's website.

The second year of our sustainability reporting, we continue to report on the activities, data and information, where applicable as with our inaugural SR. The financial year of reporting for the second year SR falls within FY 2018 and would include data and information from 1 January 2018 to 31 December 2018. We continue to increase our efforts to improve on our report to supplement financial information giving the requisite of "descriptive and quantitative information on how business is conducted" and how environmental, social and governance factors ("ESG") are managed for sustainability into the future, in compliance with the Catalist Rules and Sustainability Reporting Guide. We aim to consistently enhance our approach in the communication and management of ESG factors arising from our business operations and build on the sustainability efforts integrated into our operations. Further information on our overall sustainability performance, including how we engage our stakeholders and approach to material topics will be detailed in our Sustainable Report 2018, which will be released and be available at the Company's website in May 2019.

ADDITIONAL INFORMATION ON NEW DIRECTORS AND DIRECTOR SEEKING RE-ELECTION

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("Rules of Catalist"), the information relating to Mr Anand Kumar, Mr Sin Boon Ann and Mr Abram Melkyzedeck Suhardiman as set out in Appendix 7F of the Rules of Catalist is set out below:

	MR ANAND KUMAR	**MR SIN BOON ANN**	**MR ABRAM MELKYZEDECK SUHARDIMAN**
Date of Appointment	24 March 2017	26 April 2019	26 April 2019
Date of last re-appointment	19 July 2017	N.A.	N.A.
Age	51	61	30
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Anand Kumar as the Non-Executive Non-Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Anand Kumar's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The Nominating Committee and the Board having considered the qualifications and experiences of Mr Sin, is of the view that with Mr Sin's extensive corporate law and governance experiences, he will be able to enhance the core competence of the Board.	The Nominating Committee and the Board, having considered the qualification, experience and suitability or Mr Abram Melkyzedeck Suhardiman, is satisfied that Mr Suhardiman possesses the requisite qualifications and work experience for the position of Executive Director. On the recommendation by the Nominating Committee, the Board approved the appointment of Mr Suhardiman as Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	No	Yes. Mr Suhardiman continues to be the Chief Operating Officer of the Company and its subsidiaries.
Job Title (e.g. Lead ID, ARC Chairman, ARC Member etc.)	Non-Independent Non-Executive Director	Non-Executive Independent Chairman and member of the Audit and Risk Committee, Nominating Committee and Remuneration Committee	Executive Director and Chief Operating Officer
Professional qualifications	Master of Business Administration, Vanderbilt University, USA	Bachelor of Arts, National University of Singapore, 1982 LL.B. (Hons), National University of Singapore, 1986 LL.M., University of London, 1988 Admitted to the Singapore Bar in 1987	Master's Program in Finance, Hult International Business School. San Francisco, CA, USA, 2012 Bachelor of Science in Business Administration, University of Southern California, Los Angeles, CA, USA, 2010

ADDITIONAL INFORMATION ON NEW DIRECTORS AND DIRECTOR SEEKING RE-ELECTION

	MR ANAND KUMAR	**MR SIN BOON ANN**	**MR ABRAM MELKYZEDECK SUHARDIMAN**
Working experience and occupation(s) during the past 10 years	October 2004 to July 2008 Managing Director, Corporate Advisory, Standard Chartered Bank August 2008 to October 2010 Regional Head of South East Asia & Financial Sponsors Asia, Strategic Client Coverage Group, Standard Chartered Bank November 2010 to October 2013 Managing Director/Head of Origination & Client Coverage (OCC), Co-head, Wholesale Banking, South East Asia & Australia, Standard Chartered Bank October 2013 to August 2014 Managing Director/Global Head – Capital Markets, Standard Chartered Bank August 2014 to Present Executive Director, Gateway Management Company Pte. Ltd.	1996 to 2011 Member of Parliament, Tampines GRC 2001 to March 2018 Director, Drew & Napier LLC March 2018 to Present Consultant, Drew & Napier LLC	2017 to Present Chief Operating Officer of the Company 2015 to 2017 Vice President, Business Development & Investor Relations, Nuvest Capital 2013 to 2015 Analyst, The Abraaj Group 2012 to 2013 Business Development Manager, PT Artha Cipta Langgeng 2010 to 2011 Intern, Citibank N.A.
Shareholding interest in the listed issuer and its subsidiaries	No	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	Son-in-law of Dr Stephen Riady, the Non-Executive Non-Independent Director of the Company
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

ADDITIONAL INFORMATION ON NEW DIRECTORS AND DIRECTOR SEEKING RE-ELECTION

	MR ANAND KUMAR	MR SIN BOON ANN	MR ABRAM MELKYZEDECK SUHARDIMAN
Other Principal Commitments[1] Including Directorships Past (for the last 5 years)	NIL	1. DrewCorp Services Pte. Ltd. 2. Drew & Napier LLC 3. OSIM International Pte. Ltd. 4. UT REIT (Pte.) Ltd. 5. UT TRUST (Pte.) Ltd. 6. Transcorp Holdings Limited 7. Swee Hong Limited 8. Courage Marine Group Limited	1. Nuvest Real Return Fund
Present	Directorships 1. Avalon Technologies Pvt. Ltd. 2. General Master Worldwide Limited Principal Commitments including Directorships 1. Angsana Airport Services Pte. Ltd. 2. Angsana International Limited 3. ASN Investments Limited 4. Gateway Capital Partners Limited 5. Gateway (Cayman) Limited 6. Gateway Fund Company Pte. Ltd. 7. Gateway Holdings Limited 8. Gateway Management Company Pte. Ltd. 9. Gateway Partners Limited 10. GW Active Limited 11. GW Crown Pte. Ltd. 12. GW Confectionary Pte. Ltd. 13. GW Finance Limited 14. GW Investments Limited 15. GW Iris Pte. Ltd. 16. GW Orchid Limited 17. GW Redwood Pte. Ltd. 18. GW Supernova Pte. Ltd. 19. GW Three Pte. Ltd. 20. Mahogany Singapore Company Pte. Ltd.	Directorships 1. The Farrer Park Company Limited 2. Datapulse Technology Limited 3. W Capital Markets Pte. Ltd. 4. TIH Limited 5. AT-Sunrice GlobalChef Academy Pte. Ltd. 6. Esseplore Pte. Ltd. 7. HRnetGroup Limited 8. Singapore Centre for Social Enterprise Ltd. (raiSE) 9. Rex International Holding Limited 10. SE Hub Ltd. 11. OUE Limited 12. Tampines Central Community Foundation Limited 13. CSE Global Limited Principal Commitments Consultant, Drew & Napier LLC	Directorships 1. City Ocean Group Limited

ADDITIONAL INFORMATION ON NEW DIRECTORS AND DIRECTOR SEEKING RE-ELECTION

	MR ANAND KUMAR	MR SIN BOON ANN	MR ABRAM MELKYZEDECK SUHARDIMAN
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

ADDITIONAL INFORMATION ON NEW DIRECTORS AND DIRECTOR SEEKING RE-ELECTION

	MR ANAND KUMAR	MR SIN BOON ANN	MR ABRAM MELKYZEDECK SUHARDIMAN
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON NEW DIRECTORS AND DIRECTOR SEEKING RE-ELECTION

	MR ANAND KUMAR	MR SIN BOON ANN	MR ABRAM MELKYZEDECK SUHARDIMAN
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of the followings in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?:–			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON NEW DIRECTORS AND DIRECTOR SEEKING RE-ELECTION

	MR ANAND KUMAR	MR SIN BOON ANN	MR ABRAM MELKYZEDECK SUHARDIMAN
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Any prior experience as a director of an issuer listed on the Exchange?	N.A.	Yes	No
If YES, please provide details of prior experience	N.A.	1. Datapulse Technology Limited 2. TIH Limited 3. HRnetGroup Limited 4. Rex International Holding Limited 5. OUE Limited 6. CSE Global Limited 7. Transcorp Holding Limited 8. Swee Hong Limited 9. Courage Marine Group Limited 10. MFS Technology Ltd	N.A.

ADDITIONAL INFORMATION ON NEW DIRECTORS AND DIRECTOR SEEKING RE-ELECTION

	MR ANAND KUMAR	MR SIN BOON ANN	MR ABRAM MELKYZEDECK SUHARDIMAN
If NO, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange	N.A.	N.A.	The Company will arrange for Mr Suhardiman to attend training on the roles and responsibilities of a director as prescribed by the Exchange
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	N.A.	N.A.	N.A.

Notes:

1. *"**Principal Commitments**" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*

2. *"N.A" – Not Applicable*

DIRECTORS' STATEMENT

For the financial year ended 31 December 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the balance sheet of the Company as at 31 December 2018.

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 58 to 121 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 2018 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:

Lee Luen-Wai, John
Dr Stephen Riady
Anand Kumar
Chen Yeow Sin
Sonny Yuen Chee Choong
Lin Weiwen, Moses

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' STATEMENT

For the financial year ended 31 December 2018

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 31.12.2018	At 1.1.2018 or date of appointment, if later	**At 31.12.2018**	At 1.1.2018 or date of appointment, if later
Healthway Medical Corporation Limited				
(Number of ordinary shares)				
Dr Stephen Riady[1]	**–**	–	**1,848,641,265**	1,848,641,265

1 Dr Stephen Riady (Dr Riady) holds all the shares in Lippo Capital Group Limited (LCG), which is the holding company of Lippo Capital Holdings Company Limited (LCH). LCH is the holding company of Lippo Capital Limited (Lippo Capital). Lippo Capital has a deemed interest in 1,848,641,265 shares in the Company ("Shares"). Accordingly, Dr Riady has a deemed interest in the Shares in which Lippo Capital has an interest. Lippo Capital is an intermediate holding company of Gentle Care Pte. Ltd. (GC) and Continental Equity Inc. (CEI). GC has a direct interest in 1,594,776,083 Shares. CEI has an interest in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI) and 126,913,882 Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch (acting as nominee for CEI). Accordingly, Lippo Capital has an interest in the Shares in which GC and CEI have an interest, amounting to a total interest in 1,848,641,265 Shares.

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2019 were the same as those as at 31 December 2018.

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.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2018

AUDIT AND RISK COMMITTEE ("ARC")

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

Chen Yeow Sin (Chairman)
Sonny Yuen Chee Choong
Lin Weiwen, Moses

All members of the ARC are independent non-executive directors.

The ARC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act (Chapter 50).

The ARC held six (6) meetings during the financial year. In performing its functions, the ARC 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 ARC 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 ARC also reviewed interested person transactions (as defined in Chapter 9 of the Rules of Catalist) transacted during the financial year.

The ARC 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 ARC. The ARC is satisfied with the independence and objectivity of the external auditors.

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

Independent Auditor

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

On behalf of the directors

Chen Yeow Sin Director	Anand Kumar Director

29 March 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Healthway Medical Corporation Limited

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Healthway Medical Corporation Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:
- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2018;
- the balance sheet of the Group as at 31 December 2018;
- the balance sheet of the Company as at 31 December 2018;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT

To the members of Healthway Medical Corporation Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and brand names with indefinite useful lives As disclosed in Note 3(a) to the financial statements, management performed its annual impairment assessment over goodwill and brand names with indefinite useful lives. The recoverable amounts of each cash generating unit ("CGU") to which goodwill and brand names with indefinite useful lives belong to, were estimated by management based on the value-in-use ("VIU") of each CGU. As a result of the assessment performed by management, no impairment charge was found to be necessary for the financial year ended 31 December 2018. We focused on management's impairment assessment of goodwill and brand names with indefinite useful lives, because the determination of the recoverable amounts requires significant judgement by management, particularly management's view of key internal inputs and external market conditions which impacts (1) the forecasted revenue growth rates which are key assumptions in the estimate of future cash flows and (2) the determination of the discount rate and long term growth rate, which are also key assumptions underlying the estimate of the recoverable amounts.	We held discussions with management to understand their assessment. We evaluated the key controls over the impairment assessment process, including the appropriateness of the key assumptions used in the valuation models. With the assistance of our internal valuation specialists, we assessed the appropriateness of the valuation methodology and reviewed the key assumptions used in the VIU calculations which related to the revenue growth rates, discount rate and long term growth rate taking into consideration external data as well as our knowledge of and experience with the Group. We reviewed the VIU calculations prepared by management and reperformed the calculations to ascertain their accuracy. We also tested management's historical estimation accuracy by comparing previous historical budgets against actual results achieved and where differences were noted, we obtained an understanding of the underlying reasons from management and challenged the revenue growth rates applied considering management's historical estimation accuracy. We reviewed the appropriateness of the disclosures made in the financial statements in relation to the impairment assessment. Based on our work performed, we found that the judgements made by management to determine the revenue growth rate, discount rate and long term growth rate were reasonable.

INDEPENDENT AUDITOR'S REPORT

To the members of Healthway Medical Corporation Limited

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors 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 Act and SFRS(I)s, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

To the members of Healthway Medical Corporation Limited

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

To the members of Healthway Medical Corporation Limited

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Charlotte Hsu.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 29 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue	4	**112,674**	104,812
Other income	5	**1,983**	1,687
Other (losses)/gains – net	6	**(33)**	22
Expenses by nature			
– Medical supplies, consumables and laboratory expenses		**(21,669)**	(19,899)
– Staff costs	7	**(74,285)**	(71,296)
– Depreciation of property, plant and equipment	15	**(2,054)**	(1,795)
– Amortisation of intangible assets	16(b)	**(1)**	(4)
– Rental on operating leases		**(10,694)**	(10,030)
– Allowance for doubtful trade and other receivables	12	**(1,098)**	(1,759)
– Reversal of allowance for doubtful trade and other receivables	12	**–**	272
– Impairment loss on intangible assets	16(a)	**–**	(25,000)
– Finance expenses	8	**(384)**	(2,952)
– Other expenses		**(10,373)**	(8,209)
Total expenses		**(120,558)**	(140,672)
Loss before income tax		**(5,934)**	(34,151)
Income tax credit/(expense)	9(a)	**124**	(639)
Total loss		**(5,810)**	(34,790)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
– Currency translation gains arising from consolidation – net		**17**	13
Other comprehensive income, net of tax		**17**	13
Total comprehensive loss		**(5,793)**	(34,777)
Total loss attributable to:			
Equity holders of the Company		**(5,810)**	(34,790)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(5,793)**	(34,777)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted loss per share	10	**(0.13)**	(1.09)

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

BALANCE SHEET – GROUP

As at 31 December 2018

	Note	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
ASSETS				
Current assets				
Cash and bank balances	11	**33,381**	38,630	2,780
Trade and other receivables	12	**15,616**	16,239	67,289
Inventories	13	**2,926**	3,202	2,270
Current income tax recoverable	9(b)	**–**	–	175
		51,923	58,071	72,514
Non-current assets				
Other receivables	12	**2,502**	2,380	1,186
Property, plant and equipment	15	**7,320**	8,312	4,999
Intangible assets	16	**142,552**	142,032	115,787
		152,374	152,724	121,972
Total assets		**204,297**	210,795	194,486
LIABILITIES				
Current liabilities				
Trade and other payables	17	**21,042**	20,950	28,409
Current income tax liabilities	9(b)	**84**	193	–
Borrowings	18	**389**	846	10,698
		21,515	21,989	39,107
Non-current liabilities				
Borrowings	18	**77**	499	3,152
Deferred income tax liabilities	21	**1,178**	1,297	25
Provisions	20	**968**	658	292
		2,223	2,454	3,469
Total liabilities		**23,738**	24,443	42,576
NET ASSETS		**180,559**	186,352	151,910
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	22	**277,433**	277,433	208,214
Currency translation reserve		**748**	731	718
Accumulated losses		**(97,622)**	(91,812)	(57,022)
Total equity		**180,559**	186,352	151,910

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

BALANCE SHEET – COMPANY

As at 31 December 2018

	Note	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
ASSETS				
Current assets				
Cash and bank balances	11	**31,010**	36,057	1,368
Trade and other receivables	12	**123**	334	6,553
		31,133	36,391	7,921
Non-current assets				
Other receivables	12	**163**	175	–
Investments in subsidiaries	14	**208,233**	201,923	195,060
Property, plant and equipment	15	**654**	794	–
Intangible assets	16	**221**	–	–
		209,271	202,892	195,060
Total assets		**240,404**	239,283	202,981
LIABILITIES				
Current liabilities				
Trade and other payables	17	**4,025**	3,229	3,737
Current income tax liabilities	9(b)	**–**	–	145
Borrowings	18	**–**	–	4,282
		4,025	3,229	8,164
Non-current liabilities				
Borrowings	18	**–**	–	1,203
Provisions	20	**58**	80	–
		58	80	1,203
Total liabilities		**4,083**	3,309	9,367
NET ASSETS		**236,321**	235,974	193,614
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	22	**277,433**	277,433	208,214
Accumulated losses	23	**(41,112)**	(41,459)	(14,600)
Total equity		**236,321**	235,974	193,614

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Note	Share capital $'000	Currency translation reserve $'000	Accumulated losses $'000	Total Equity $'000
2018					
Balance as at 1 January 2018		**277,433**	**731**	**(91,812)**	**186,352**
Loss for the year		–	–	(5,810)	(5,810)
Other comprehensive income for the year		–	17	–	17
Total comprehensive loss for the year		**–**	**17**	**(5,810)**	**(5,793)**
Balance as at 31 December 2018		**277,433**	**748**	**(97,622)**	**180,559**
2017					
Balance as at 1 January 2017		**208,214**	**718**	**(57,022)**	**151,910**
Loss for the year		–	–	(34,790)	(34,790)
Other comprehensive income for the year		–	13	–	13
Total comprehensive loss for the year		**–**	**13**	**(34,790)**	**(34,777)**
Issue of new shares pursuant to conversion of convertible notes	22	70,000	–	–	70,000
Share issue expenses	22	(2,287)	–	–	(2,287)
Accrued interest on convertible notes converted to ordinary shares		1,506	–	–	1,506
Balance as at 31 December 2017		**277,433**	**731**	**(91,812)**	**186,352**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Loss before income tax		**(5,934)**	(34,151)
Adjustments for:			
– Depreciation of property, plant and equipment	15	**2,054**	1,795
– Amortisation of intangible assets	16	**1**	4
– Loss/(gain) on disposal of property, plant and equipment – net		**123**	(10)
– Property, plant and equipment written off		**1,096**	189
– Allowance for doubtful trade and other receivables	12	**1,098**	1,497
– Impairment of goodwill	16(a)	**–**	25,000
– Provision for onerous lease contract		**1,225**	–
– Loss on disposal of subsidiary		**70**	–
– Interest expense	8	**384**	2,952
– Interest income	5	**(387)**	(266)
– Unrealised currency translation losses		**33**	24
		(237)	(2,966)
Change in working capital, net of effects from acquisition of a subsidiary:			
– Inventories		**113**	(431)
– Trade and other receivables		**(926)**	(2,951)
– Trade and other payables		**(723)**	(8,157)
– Provisions		**(27)**	(52)
Cash used in generated from operations		**(1,800)**	(14,557)
Income tax (paid)/refund		**(46)**	100
Net cash used in operating activities		**(1,846)**	(14,457)
Cash flows from investing activities			
Additions to property, plant and equipment		**(2,607)**	(2,369)
Additions to intangible assets		**(521)**	–
Proceeds on disposal of property, plant and equipment		**397**	–
Settlement of obligations – Wei Yi		**(272)**	(888)
Advances to HME – net		**–**	(526)
Net cash inflow on disposal of subsidiaries	25(b)	**150**	–
Acquisition of a subsidiary, net of cash acquired	25(a)	**–**	73
Interest received		**387**	266
Net cash used in investing activities		**(2,466)**	(3,444)
Cash flows from financing activities			
Proceeds from issuance of convertible notes		**–**	67,713
Bank deposits (pledged)/withdrawn		**(1)**	1,302
Proceeds from borrowings		**–**	5,088
Repayment of borrowings		**(304)**	(16,186)
Repayment of finance lease liabilities		**(575)**	(1,418)
Interest paid		**(57)**	(1,446)
Net cash (used in)/provided by financing activities		**(937)**	55,053
Net (decrease)/increase in cash and cash equivalents		**(5,249)**	37,152
Cash and cash equivalents			
Beginning of financial year	11	**38,023**	871
Effects of currency translation on cash and cash equivalents		**(1)**	*
End of financial year	11	**32,773**	38,023

*Less than $1,000

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

Reconciliation of liabilities arising from financing activities

	1 January 2018 $'000	Proceeds $'000	Principal and interest payments $'000	Non-cash changes Acquisition $'000	Non-cash changes Equity conversion $'000	Non-cash changes Interest expense $'000	31 December 2018 $'000
Bank borrowings	390	–	(313)	–	–	9	86
Finance lease liabilities	955	–	(623)	–	–	48	380

	1 January 2017 $'000	Proceeds $'000	Principal and interest payments $'000	Non-cash changes Acquisition $'000	Non-cash changes Equity conversion $'000	Non-cash changes Interest expense $'000	31 December 2017 $'000
Convertible notes	–	67,713	–	–	(69,219)	1,506	–
Bank borrowings	11,488	5,088	(17,427)	–	–	1,241	390
Finance lease liabilities	2,362	–	(1,623)	11	–	205	955

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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 6 Shenton Way, #10-09, OUE Downtown 2, Singapore 068809.

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 14.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention.

The preparation of financial statements in conformity with SFRS(I) 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.

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I).*

The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of SFRS(I) (continued)

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

(a) Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(i) Business combinations

SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The same classification as in its previous SFRS financial statements has been adopted.

The Group has not applied SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

(ii) Leases

The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

(b) There were no material adjustments of the Group's and Company's equity arising from the transition from SFRS to SFRS(I).

(c) There were no material adjustments of the Group's total comprehensive income arising from the transition from SFRS to SFRS(I).

(d) There were no material adjustments to the Group's statement of cash flows arising from the transition from SFRS to SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition

(a) *Provision of medical services*

The Group operates clinics and provides medical services in two different business segments. The types of medical services the Group provides are disclosed in Note 28. Revenue from the provision of medical services is recognised over time in the accounting period in which the services are rendered. Deferred revenue is recognised on the balance sheet when cash is collected upfront for services which have yet to be rendered. Revenue is recognised based on the fair value of the consideration received or receivable for the provision of medical services and presented at net of goods and services tax.

(b) *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.

(c) *Interest income*

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

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

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

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

Non-controlling interests 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(a) *Subsidiaries* (Continued)

(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" for the subsequent accounting policy on goodwill.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(b) *Transactions with non-controlling interests*

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

2.5 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 2.7 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.

(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, fittings and 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

(c) *Subsequent expenditure*

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

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains/(losses)".

2.6 Intangible assets

(a) *Goodwill*

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

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets (Continued)

(c) *Acquired computer software licences* (Continued)

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.

2.7 Borrowing costs

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

2.8 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.

2.9 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (Continued)

(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.

2.10 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

(a) *Classification*

The Group classifies its financial assets in the following category: loans and receivables. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(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.

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.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

The accounting for financial assets from 1 January 2018 are as follows:

(f) *Classification and measurement*

The Group classifies its financial assets in only one measurement category-amortised cost.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

(i) *Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(g) *Impairment*

For trade receivables and lease receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(h) 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.

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.

2.11 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.

2.12 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-Group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of (a) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 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.

2.14 Trade and other payables

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

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

2.15 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 and a related party.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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 and a related party.

Leases of commercial and office premises to non-related parties and a related party 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Income taxes (Continued)

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.

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 of money.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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/(losses)”.

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 2018

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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) Impairment assessment of goodwill and brand names with indefinite useful lives

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

The recoverable amounts of each cash generating unit ("CGU") to which goodwill and brand names with indefinite useful lives belong to have been determined based on value-in-use calculations. The determination of the recoverable amounts requires significant judgement by management, particularly management's view of key internal inputs and external market conditions which impacts (1) the forecasted revenue growth rates which are a key assumption in the estimate of future cash flows and (2) the determination of the discount rate and long term growth rate which are also key assumptions underlying the estimate of the recoverable amounts. Management has also considered its past performance in developing its estimates, and specific estimates are disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(a) *Impairment assessment of goodwill and brand names with indefinite useful lives* (Continued)

The key assumptions used in the value-in-use calculations that were subject to significant judgement were relating to the estimation of the discount rate, terminal growth rate and revenue growth rate as follows:

Discount rate (pre-tax)	9.3%-9.7%
Terminal growth rate	2.0%
Revenue growth rate	0.5%-5.8%

A reasonable possible change to any of the individual key assumptions as compared to management's estimates as listed above would not have resulted in an impairment charge being required for the current financial year.

(b) *Use of indefinite useful lives assumption on brand names*

Brand name arises from the acquisition of subsidiaries. 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 group's market share, stability and profitability of the market sectors that are of similar risk profiles that the brand relates to, and concludes that the risk of market-related factors causing a reduction in the useful 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 above mentioned factors, Management has applied its judgement in concluding that there is no foreseeable limit to the period over which the brand names are expected to generate net cash inflows for the Group and hence, brand names are not amortised. These calculations require the use of estimates (Note 16).

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

4. REVENUE

The Group derives revenue from the provision of medical services which is recognised over time as the services are rendered.

	Group	
	2018	2017
	$'000	$'000
Medical services	**112,674**	104,812

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. REVENUE (CONTINUED)

Revenue recognised in relation to deferred income:

	Group	
	2018	2017
	$'000	$'000
Revenue recognised in current period that was included in deferred income at the beginning of the period		
– Medical services	**897**	1,372

5. OTHER INCOME

	Group	
	2018	2017
	$'000	$'000
Interest income		
– Bank deposits	**384**	247
– Trade receivable	**3**	19
	387	266
Rental income	**526**	348
Rental of medical equipment	**–**	118
Government grant income		
– Wage Credit Scheme	**383**	174
– Special Employment Credit	**83**	106
Others	**604**	675
	1,983	1,687

6. OTHER (LOSSES)/GAINS – NET

	Group	
	2018	2017
	$'000	$'000
Foreign exchange (loss)/gain – net	**(33)**	10
Others	**–**	12
	(33)	22

7. STAFF COSTS

	Group	
	2018	2017
	$'000	$'000
Wages and salaries	**70,064**	67,537
Employer's contribution to defined contribution plans including Central Provident Fund	**4,221**	3,759
	74,285	71,296

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

8. FINANCE EXPENSES

	Group	
	2018	2017
	$'000	$'000
Interest expense		
– Bank borrowings	**9**	1,241
– Convertible notes	**–**	1,506
– Finance lease liabilities	**48**	205
– Discounting of non-current deposits	**327**	–
	384	2,952

9. INCOME TAXES

(a) Income tax/(credit)/expense

	Group	
	2018	2017
	$'000	$'000
Tax expense attributable to profit is made up of:		
(Over)/under provision in prior financial years:		
Current income tax	**(63)**	268
Deferred income tax (Note 21)	**(61)**	371
	(124)	639

	Group	
	2018	2017
	$'000	$'000
Loss before income tax	**(5,934)**	(34,151)
Tax calculated at tax rate of 17% (2017: 17%)	**(1,009)**	(5,806)
Effects of:		
– (over)/under provision in prior years	**(124)**	639
– expenses not deductible for tax purposes	**572**	5,117
– statutory stepped income exemption	**–**	(18)
– corporate income tax rebate	**–**	(1)
– tax losses not recognised	**286**	472
– utilisation of previously unrecognised tax losses	**(11)**	(3)
– others	**162**	239
Tax (credit)/charge	**(124)**	639

The Corporate Income Tax ("CIT") rebate was introduced by the Minister for Finance of Singapore and is applicable to the Group and the Company from 1 January 2012 for a period of 7 years. The CIT rebate allows companies incorporated in Singapore within the Group to receive a 20% and 40% rebate on its tax payable subject to a maximum rebate of $10,000 and $15,000 for the financial years ended 31 December 2018 and 31 December 2017 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

9. INCOME TAXES (CONTINUED)

(a) Income tax/(credit)/expense (Continued)

Additional tax assessment

In the previous financial years, the Company had disposed of its shareholdings in certain available-for-sale (AFS) financial assets and recorded certain gains on disposal. The Company had considered these gains as capital in nature and hence not taxable.

On 21 December 2018, the Company received an additional notice of assessment for the Year of Assessment 2014 ("YA 2014") from the Inland Revenue Authority of Singapore ("IRAS") showing a tax payable amounting to $7.4 million on account of a gain on disposal of the AFS in YA 2014. The Company is of the view that this gain on disposal of the AFS is capital in nature and hence not taxable, and has filed a notice of objection and appealed its case to the IRAS.

(b) Movement in current income tax liabilities/(assets)

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**193**	(175)	**–**	145
Income tax (paid)/refund	**(46)**	100	**–**	(128)
(Over)/under provision in prior financial years	**(63)**	268	**–**	(17)
End of financial year	**84**	193	**–**	–

10. LOSS PER SHARE

Basic loss 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	
	2018	2017
Net loss attributable to equity holders of the Company ($'000)	**(5,810)**	(34,790)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	**4,528,792**	3,202,405
Basic loss per share (cents per share)	**(0.13)**	(1.09)

Diluted loss per share for the financial years ended 31 December 2018 and 31 December 2017 are computed on the same basis as basic loss per share as there were no potential ordinary shares outstanding at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

11. CASH AND BANK BALANCES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Cash at bank and on hand	**7,338**	7,862	861	**5,586**	5,907	65
Short-term bank deposits	**26,043**	30,768	1,919	**25,424**	30,150	1,303
	33,381	38,630	2,780	**31,010**	36,057	1,368

Please refer to Note 25 for the effects of acquisition of assets and disposals of subsidiary on the cash flows of the Group.

The bank deposits of the Group include $608,000 pledged as security for certain banker's guarantee (31 December 2017: $607,000). As at 1 January 2017, $1,909,000 is pledged as security for certain borrowings (Note 18).

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

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Cash and bank balances (as above)	**33,381**	38,630	2,780
Less: Bank deposits pledged as security	**(608)**	(607)	(1,909)
Cash and cash equivalents per consolidated statement of cash flows	**32,773**	38,023	871

12. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Current						
Trade receivables	**17,077**	16,029	12,987	**–**	–	–
Unbilled receivables	**3,081**	2,729	3,188	**–**	–	–
	20,158	18,758	16,175	**–**	–	–
Allowance for impairment loss	**(6,539)**	(5,621)	(4,750)	**–**	–	–
Net receivables	**13,619**	13,137	11,425	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group			Company		
	31 December		1 January	**31 December**		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Other receivables						
– related parties	**41**	98	–	**32**	98	–
– non-related companies	**5,775**	6,357	6,284	**4,575**	4,636	4,537
Allowance for impairment loss	**(5,039)**	(5,001)	(5,273)	**(4,527)**	(4,527)	(4,527)
	777	1,454	1,011	**80**	207	10
Amounts due from HME (Note (a))						
– Loan receivable	**–**	–	57,000	**–**	–	–
– Trade and other receivables	**–**	–	10,758	**–**	–	2,993
– Allowance for impairment loss	**–**	–	(18,000)	**–**	–	–
	–	–	49,758	**–**	–	2,993
Deposits	**823**	1,215	4,833	**–**	35	3,540
Prepayments	**397**	433	262	**43**	92	10
	15,616	16,239	67,289	**123**	334	6,553
Non-current						
Amounts due from Wei Yi (Note (b))						
– Loans receivable	**37,269**	37,269	36,381	**–**	–	–
– Allowance for impairment loss	**(37,269)**	(37,269)	(36,381)	**–**	–	–
	–	–	–	**–**	–	–
Deposits	**2,502**	2,380	1,186	**163**	175	–
	2,502	2,380	1,186	**163**	175	–

The movement in the allowance for impairment loss for trade and other receivables is as follows:

	Group			Company		
	31 December		1 January	**31 December**		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Beginning of financial year	**47,891**	64,404	26,618	**4,527**	4,527	4,527
Allowance made	**1,098**	1,759	37,962	**–**	–	–
Written-off upon acquisition of HME	**–**	(18,000)	–	**–**	–	–
Reversal of allowance	**–**	(272)	(176)	**–**	–	–
Utilised	**(35)**	–	–	**–**		
Disposal of subsidiary	**(107)**	–	–	**–**	–	–
End of financial year	**48,847**	47,891	64,404	**4,527**	4,527	4,527

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Amounts due from HME

On 21 April 2017, the Group acquired HME and accordingly, as at 31 December 2017 HME is a wholly owned-indirect subsidiary of the Company.

(b) Amounts due from Wei Yi Shi Ye Co. Ltd. ("Wei Yi")

The loans receivable are due from Wei Yi, a company which owns medical centres in China. The Group has provided loans for the development, setup and operations of these medical centres, as well as management and administrative services to these medical centres. The loans are denominated in Chinese Renminbi and is secured by way of corporate guarantees from Wei Yi's holding company. The loans bear interest at a rate not exceeding 10% of the People's Bank of China variable lending rate of 4.35% (2017: 4.35%) per annum, subject to mutual agreement between both parties.

In the previous financial years, at the Group's request, the owner of Wei Yi agreed and appointed Jamie Fan Wei Zhi as the sole Executive Director and legal representative of Wei Yi to provide better visibility to the Group over the utilisation of the loans that have been provided to Wei Yi. Jamie Fan Wei Zhi is the daughter of Fan Kow Hin, who was the Executive Chairman of the Company up to 16 May 2015. As efforts to recover the advances have proven to be unsuccessful, management has taken a decision to make a full allowance for impairment.

13. INVENTORIES

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Pharmacy, medical and surgical supplies	**2,926**	3,202	2,270

14. INVESTMENTS IN SUBSIDIARIES

	Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Equity investments at cost	**37,343**	12,343	12,343
Amounts due from subsidiaries (non-trade)	**260,346**	279,036	247,173
Less: Allowance for impairment loss	**(89,456)**	(89,456)	(64,456)
	208,233	201,923	195,060

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding		
			31 December		1 January
			2018	2017	2017
			%	%	%
Held by the Company					
China Healthway Pte. Ltd.[4]	Investment holding	Singapore	**100**	100	100
Healthway Medical Group Pte Ltd[2]	Practice of general medical practitioners	Singapore	**100**	100	100
Unimedic Pte. Ltd.[2]	Investment holding	Singapore	**100**	100	100
Vista Medicare Pte. Ltd.[1]	Provision of managed healthcare	Singapore	**100**	100	100
Held by China Healthway Pte. Ltd.					
China Unimedic Pte. Ltd.[4]	Investment holding	Singapore	**100**	100	100
Crane Medical Pte. Ltd.[2]	Investment holding	Singapore	**100**	100	100
Held by Healthway Medical Group Pte Ltd					
Healthway Medical Enterprises Pte Ltd[2]	Provision of medical services and sale of drugs and medical supplies	Singapore	**100**	100	–
Held by Unimedic Pte. Ltd.					
Aaron Dentalcare Pte. Ltd.[5]	Practice of dental surgery and operation of dental clinics	Singapore	**100**	100	100
Aaron Seow International Pte Ltd[5]	Practice of dental surgery and operation of dental clinics	Singapore	**100**	100	100
CLAAS Medical Centre Pte. Ltd.[4] [6]	Investment holding	Singapore	**–**	99.9	99.9

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding		
			31 December		1 January
			2018	2017	2017
			%	%	%
Island Orthopaedic Consultants Pte Ltd[(2)]	Provision of orthopaedic services and operation of medical clinics	Singapore	**100**	100	100
Healthway Dental Pte. Ltd.[(5)]	Practice of dental surgery and operation of dental clinics	Singapore	**100**	100	100
Popular Dental (Woodlands) Pte. Ltd.[(5)]	Practice of dental surgery and operation of dental clinics	Singapore	**100**	100	100
Thomson Paediatric Clinic Pte Ltd[(2)]	Provision of paediatric services and operation of medical clinics	Singapore	**100**	100	100
Universal Dentalcare Pte Ltd[(5)]	Practice of dental surgery and operation of dental clinics	Singapore	**100**	100	100
Universal Dental Group (Braddell) Pte. Ltd.[(5)]	Practice of dental surgery and operation of dental clinics	Singapore	**100**	100	100
Universal Dental Group (Woodlands) Pte. Ltd.[(5)]	Practice of dental surgery and operation of dental clinics	Singapore	**100**	100	100
SBCC Clinic Pte Ltd[(2)]	Provision of paediatric services and operation of medical clinics	Singapore	**100**	100	100
Silver Cross Healthcare Pte Ltd[(2)]	Practice of general medical practitioners	Singapore	**100**	100	100
Held by SBCC Clinic Pte Ltd					
SBCC Women's Clinic Pte. Ltd.[(2)]	Provision of gynaecology services and operation of medical clinics	Singapore	**100**	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding		
			31 December		1 January
			2018	2017	2017
			%	%	%
Held by CLAAS Medical Centre Pte. Ltd.					
BCNG Holdings Pte. Ltd.(1)(6)	Provision of services and products related to wellness and beauty	Singapore	**–**	100	100
Held by Aaron Seow International Pte Ltd					
Aaron CTP Dental Surgery Pte. Ltd.(5)	Practice of dental surgery and operation of dental clinics	Singapore	**100**	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	100
Held by Kang Wei Investment Consultancy (Shanghai) Co., Ltd.					
Kang Hong (Shanghai) Medical Equipment Lease Co., Ltd.(3)(7)	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 EunaCon Perfect Alliance CPA Partnership
(4) Audited by Gleneagle Trust
(5) Audited by Ardent Associates LLP
(6) Disposed during the financial year (Note 25)
(7) Liquidated during the financial year

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements $'000	Medical equipment $'000	Computers $'000	Furniture, fittings and equipment $'000	Signboards $'000	Assets in progress $'000	Total $'000
Group							
2018							
Cost							
Beginning of financial year	6,908	5,253	1,361	848	201	–	14,571
Additions	2,015	142	177	439	76	228	3,077
Disposals	(2,383)	(622)	(269)	(305)	(184)	–	(3,763)
Disposal of subsidiary	–	(761)	–	(5)	–	–	(766)
Reversal	(33)	–	–	–	–	–	(33)
End of financial year	6,507	4,012	1,269	977	93	228	13,086
Accumulated depreciation and impairment losses							
Beginning of financial year	2,718	1,965	1,115	329	132	–	6,259
Depreciation charge	1,079	699	141	120	15	–	2,054
Disposals	(1,188)	(425)	(246)	(126)	(135)	–	(2,120)
Disposal of subsidiary	–	(398)	–	(2)	–	–	(400)
Impairment	–	(27)	–	–	–	–	(27)
End of financial year	2,609	1,814	1,010	321	12	–	5,766
Net book value							
End of financial year	**3,898**	**2,198**	**259**	**656**	**81**	**228**	**7,320**
2017							
Cost							
Beginning of financial year	5,668	4,570	1,924	1,716	166	–	14,044
Additions	1,421	768	227	116	7	–	2,539
Disposals	(1,571)	(1,257)	(806)	(1,152)	(1)	–	(4,787)
Acquisition of HME (Note 25)	1,390	1,172	16	168	29	–	2,775
End of financial year	6,908	5,253	1,361	848	201	–	14,571
Accumulated depreciation and impairment losses							
Beginning of financial year	3,416	2,346	1,810	1,354	119	–	9,045
Depreciation charge	859	691	111	120	14	–	1,795
Disposals	(1,557)	(1,099)	(806)	(1,145)	(1)	–	(4,608)
Impairment	–	27	–	–	–	–	27
End of financial year	2,718	1,965	1,115	329	132	–	6,259
Net book value							
End of financial year	4,190	3,288	246	519	69	–	8,312

Included within additions in the consolidated financial statements are property, plant and equipment acquired under finance leases amounting to $nil (2017: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The carrying amounts of property, plant and equipment held under financial leases are $899,095 (2017: $2,435,817) at the balance sheet date.

	Leasehold improvements $'000	Computer $'000	Furniture, fittings and equipment $'000	Assets in progress $'000	Total $'000
Company					
2018					
Cost					
Beginning of financial year	818	–	11	–	829
Additions	–	25	6	16	47
Adjustment	(33)	–	–	–	(33)
End of financial year	785	25	17	16	843
Accumulated depreciation and impairment losses					
Beginning of financial year	34	–	1	–	35
Depreciation charge	152	1	1	–	154
End of financial year	186	1	2	–	189
Net book value					
End of financial year	**599**	**24**	**15**	**16**	**654**
2017					
Cost					
Beginning of financial year	–	–	–	–	–
Additions	818	–	11	–	829
End of financial year	818	–	11	–	829
Accumulated depreciation and impairment losses					
Beginning of financial year	–	–	–	–	–
Depreciation charge	34	–	1	–	35
End of financial year	34	–	1	–	35
Net book value					
End of financial year	784	–	10	–	794

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

16. INTANGIBLE ASSETS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Composition:						
Goodwill arising on consolidation (Note (a))	**109,923**	109,623	88,454	**–**	–	–
Brand names (Note (a))	**32,394**	32,394	27,313	**–**	–	–
Computer software licences (Note (b))	**14**	15	20	**–**	–	–
Computer software in progress (Note (c))	**221**	–	–	**221**	–	–
	142,552	142,032	115,787	**221**	–	–

(a) Goodwill arising on consolidation and brand names

	Goodwill	Brand names	Total
	$'000	$'000	$'000
Group			
2018			
Cost			
Beginning of financial year	199,079	32,394	231,473
Addition (Note 25)	300	–	300
	199,379	32,394	231,773
Accumulated impairment losses			
Beginning and end of financial year	89,456	–	89,456
Net book value			
End of financial year	**109,923**	**32,394**	**142,317**
2017			
Cost			
Beginning of financial year	152,910	27,313	180,223
Acquisition of subsidiary	46,169	5,081	51,250
	199,079	32,394	231,473
Accumulated impairment losses			
Beginning of financial year	64,456	–	64,456
Impairment during the year	25,000	–	25,000
End of financial year	89,456	–	89,456
Net book value			
End of financial year	109,623	32,394	142,017

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

16. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill arising on acquisition and brand names (Continued)

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

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

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

	Goodwill				
	Cost 2018 $'000	**Accumulated impairment losses 2018 $'000**	**Brand names 2018 $'000**	**Net book value 2018 $'000**	**Net book value 2017 $'000**
Group					
Family medicine	66,938	(4,500)	8,000	70,438	70,138
Dentistry	7,191	(7,191)	–	–	–
Paediatrics	60,761	(46,911)	9,656	23,506	23,506
Orthopaedics	35,196	(18,293)	9,657	26,560	26,560
Wellness and aesthetic	4,657	(4,657)	–	–	–
Obstetrics & gynaecology	3,792	(1,904)	–	1,888	1,888
Nobel specialist	20,844	(6,000)	5,081	19,925	19,925
	199,379	**(89,456)**	**32,394**	**142,317**	**142,017**

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 terminal growth rate stated below. The terminal growth rate did not exceed the long-term average growth rate for the healthcare industry in Singapore.

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 0.5% to 5.8% (2017: 3.2% to 6.0%) per annum for years 2019 to 2023.
- The pre-tax discount rate for each CGU included in the cash flow projections was approximately 9.3% to 9.7% (2017: 8.6% to 9.8%).
- The anticipated terminal growth rate for each CGU was approximately 2.0% (2017: 2.0%).

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

- The anticipated annual cost growth rate for each CGU was at 3.0% (2017: 3.0%) for the years 2019 to 2023, which takes into consideration expected annual inflation rates in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

16. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill arising on acquisition and brand names (Continued)

Impairment test for cash-generating units containing goodwill and brand names with indefinite useful lives (Continued)

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 took into account forecasts included in industry reports.

Based on management's assessment, no impairment loss has been made on the CGUs for the financial year ended 31 December 2018 (2017: $25,000,000 impairment loss was made for the financial year).

Sensitivity analysis

A reasonable possible change to any of the individual key assumptions as compared to management's estimates would have increased or decreased the impairment charge on goodwill and the Group's loss for the financial year ended 31 December 2017 as follows:

Key assumptions	**Change applied to management's estimate (increase/(decrease))**	**Impact to impairment loss on goodwill and the Group's loss for the financial year ended 31 December 2017 (increase/(decrease)) $'000**
Discount rate	5.0%	10,100/(11,500)
Terminal growth rate	5.0%	(2,000)/2,000
Revenue growth rate	10.0%	(14,900)/14,500

(b) Computer software licenses

	Group			**Company**		
	31 December		1 January	**31 December**		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Cost						
Beginning and end of financial year	**1,670**	1,670	1,670	**1,448**	1,448	1,448
Accumulated amortisation						
Beginning of financial year	**1,655**	1,650	1,581	**1,448**	1,448	1,382
Amortisation for the year	**1**	4	71	**–**	–	66
Currency translation	**–**	1	(2)	**–**	–	–
End of financial year	**1,656**	1,655	1,650	**1,448**	1,448	1,448
Net book value						
End of financial year	**14**	15	20	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS

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16. INTANGIBLE ASSETS (CONTINUED)

(c) Computer software in progress

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
Beginning of financial year	–	–	–	–	–	–
Addition	221	–	–	221	–	–
End of financial year	221	–	–	221	–	–
Accumulated amortisation						
Beginning and end of financial year	–	–	–	–	–	–
Net book value						
End of financial year	221	–	–	221	–	–

17. TRADE AND OTHER PAYABLES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables to:						
– non-related parties	6,538	6,177	12,625	–	–	–
Other payables to:						
– non-related parties	2,653	3,158	3,281	461	771	928
– HME (Note 12(a))	–	–	2,299	–	–	–
– related parties	97	260	–	67	240	–
– subsidiaries	–	–	–	2,258	628	1,927
	2,750	3,418	5,580	2,786	1,639	2,855
Deferred income	512	1,187	1,717	–	–	–
Accruals for operating expenses	11,242	10,168	8,487	1,239	1,590	882
	21,042	20,950	28,409	4,025	3,229	3,737

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand. Included in accruals for operating expenses is a provision for onerous lease contract amounting to $1,225,000 (2017: nil).

Deferred income relates to unsatisfied contracts of periods of one year or less, and/or relates to fixed-price medical services. As permitted under SFRS(I) 15, the details of the aggregated transaction price relating to unsatisfied performance obligations of these contracts are not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

18. BORROWINGS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Current						
Bank borrowings	**86**	304	9,315	**–**	–	4,282
Finance lease liabilities (Note 19)	**303**	542	1,383	**–**	–	–
	389	846	10,698	**–**	–	4,282
Non-current						
Bank borrowings	**–**	86	2,173	**–**	–	1,203
Finance lease liabilities (Note 19)	**77**	413	979	**–**	–	–
	77	499	3,152	**–**	–	1,203
Total borrowings	**466**	1,345	13,850	**–**	–	5,485

(a) Security granted

Finance lease liabilities of the Group are effectively secured over the leased property, plant and equipment (Note 15), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of these finance lease liabilities.

As at 1 January 2017, bank borrowings of $2,367,000 for the Group and the Company were secured over certain bank deposits (Note 11).

(b) Fair value of non-current bank borrowings

As at 31 December 2018, there is no non-current bank borrowings. For the financial year ended 31 December 2017, the fair values of non-current bank borrowings approximate their carrying amounts and is computed based on cash flows discounted at market borrowing rates of an equivalent instrument of 5.28% (1 January 2017: 5.35%) per annum at the balance sheet date which the directors expect to be available to the Group.

(c) Undrawn borrowing facilities

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Expiring within one year	**–**	–	3,696	**–**	–	2,633
Expiring beyond one year	**–**	–	400	**–**	–	–
	–	–	4,096	**–**	–	2,633

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For the financial year ended 31 December 2018

18. BORROWINGS (CONTINUED)

(d) Fixed rate borrowing amounting $86,000 (31 December 2017: $390,000, 1 January 2017: $6,017,000) has interest rate of 2.8% per annum (31 December 2017: 2.8%, 1 January 2017: 2.8% to 36.0%). There is no floating rate borrowings as of 31 December 2018 and as at 31 December 2017. As at 1 January 2017, the floating rate borrowings of $5,471,000 had interest rates of 2.9% to 12.2% per annum.

(e) Bank borrowings and other loans comprise:

	Group			Company		
	31 December		1 January	**31 December**		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Facilities:						
(i) Revolving credit	**–**	–	3,304	**–**	–	2,367
(ii) 5-year term loan	**–**	–	733	**–**	–	–
(iii) 4-year term loan	**–**	–	657	**–**	–	657
(iv) 3-year term loan	**86**	390	3,405	**–**	–	2,461
(v) 2-year term loan	**–**	–	14	**–**	–	–
(vi) 1-year term loan	**–**	–	292	**–**	–	–
(vii) Short term loan	**–**	–	2,600	**–**	–	–
(viii) Factoring credit	**–**	–	483	**–**	–	–
	86	390	11,488	**–**	–	5,485

(i) Revolving credit facilities amounting to $2,367,000 as at 1 January 2017 had no fixed repayment schedules and were 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.

(ii) As at 1 January 2017, these Singapore dollar bank loans were 5-year term loan facilities.

(iii) As at 1 January 2017, these Singapore dollar bank loans were 4-year term loan facilities which were secured by joint and several guarantees from certain shareholders of the Company.

(iv) The Group's Singapore dollar bank loans are 3-year term loan facilities of which $86,000 (31 December 2017: $390,000, 1 January 2017: $694,000) is guaranteed by certain employees of the Company and $nil (31 December 2017: $nil, 1 January 2017: $1,333,000) were guaranteed by joint and several guarantees from certain shareholders of the Company. As at 1 January 2017, the Group and the Company has $1,378,000 of 3-year term loan facility that were unsecured. As at 1 January 2017, the Company's Singapore dollar bank loans are 3-year term loan facilities of which $1,083,000 were guaranteed by joint and several guarantees from certain shareholders of the Company. The Group's outstanding loan as of 31 December 2018 will mature in 2019.

(v) As at 1 January 2017, these Singapore dollar bank loans were 2-year term loan facilities which were guaranteed by employees of the Company.

(vi) As at 1 January 2017, this Singapore dollar bank loan was a 1-year term loan facility which was unsecured.

(vii) As at 1 January 2017, these Singapore dollar bank loans are short term loan facilities of which $600,000 was secured by a certain shareholder of the Company.

(viii) As at 1 January 2017, these Singapore dollar factoring credit facilities were unsecured.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

19. FINANCE LEASE LIABILITIES

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

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Minimum lease payments due			
– Not later than one year	**316**	580	1,470
– Between one and five years	**79**	428	1,021
	395	1,008	2,491
Less: Future finance charges	**(15)**	(53)	(129)
Present value of finance lease liabilities	**380**	955	2,362

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

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Not later than one year (Note 18)	**303**	542	1,383
Later than one year (Note 18)			
– Between one and five years	**77**	413	979
Total	**380**	955	2,362

20. PROVISIONS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Provision for restoration costs	**968**	658	292	**58**	80	–

Movement in provision for restoration cost is as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Beginning of financial year	**658**	292	357	**80**	–	–
Provision utilised	**(135)**	(52)	(150)	**–**	–	–
Provision made/(reversed)	**445**	170	85	**(22)**	80	–
Acquisition of HME	**–**	248	–	**–**	–	–
End of financial year	**968**	658	292	**58**	80	–

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

21. 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.

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

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Beginning of financial year	**(1,297)**	(25)	18	**–**	–	43
Tax charged to profit or loss (Note 9(a))	**–**	–	(43)	**–**	–	(43)
Over/(Under)-provision in prior financial years	**61**	(371)	–	**–**	–	–
Acquisition of HME	**–**	(901)	–	**–**	–	–
Disposal of subsidiary (Note 25)	**58**	–	–	**–**	–	–
End of financial year	**(1,178)**	(1,297)	(25)	**–**	–	–

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 $6,477,000 (2017: $4,859,000) 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.

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	Brand names $'000	Total $'000
2018			
Beginning of financial year	**(480)**	**(901)**	**(1,381)**
Acquisition of HME			
Disposal of subsidiary	**58**	**–**	**58**
Charged to profit or loss:			
– Over-provision in prior financial years	**61**	**–**	**61**
End of financial year	**(361)**	**(901)**	**(1,262)**

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For the financial year ended 31 December 2018

21. DEFERRED INCOME TAXES (CONTINUED)

Group (Continued)

Deferred income tax liabilities (Continued)

	Accelerated tax depreciation $'000	Brand names $'000	Total $'000
2017			
Beginning of financial year	(198)	–	(198)
Acquisition of HME	–	(901)	(901)
Charged to profit or loss:			
– Under-provision in prior financial years	(282)	–	(282)
End of financial year	(480)	(901)	(1,381)

Deferred income tax assets

	Employee benefits $'000
2018	
Beginning of financial year	**84**
Charged to profit or loss	
– Over-provision in prior financial years	**–**
End of financial year	**84**
2017	
Beginning of financial year	173
Charged to profit or loss	
– Over-provision in prior financial years	(89)
End of financial year	84

Company

Deferred income tax liabilities

	Accelerated tax depreciation $'000
2018	
Beginning of financial year	**(13)**
Charged to profit or loss	
– Profit for the financial year	**–**
End of financial year	**(13)**
2017	
Beginning of financial year	–
Charged to profit or loss	
– Profit for the financial year	(13)
End of financial year	(13)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

21. DEFERRED INCOME TAXES (CONTINUED)

Company (Continued)

Deferred income tax assets

	Employee benefits $'000
2018	
Beginning of financial year	**13**
Credited to profit or loss	
– Profit for the financial year	**–**
End of financial year	**13**
2017	
Beginning of financial year	–
Credited to profit or loss	
– Profit for the financial year	13
End of financial year	13

22. SHARE CAPITAL

Group and Company	No. of ordinary shares Issued share capital '000	Amount Share capital $'000
2018		
Beginning and end of financial year	**4,528,792**	**277,433**
2017		
Beginning of financial year	2,460,234	208,214
Shares issued pursuant to conversion of convertible notes	2,068,558	70,000
Share issue expenses	–	(2,287)
Accrued interest on convertible notes converted to ordinary shares	–	1,506
End of financial year	4,528,792	277,433

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

22. SHARE CAPITAL (CONTINUED)

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.

During the financial year ended 31 December 2017, the Company issued two tranches of convertible notes amounting to $10,000,000 and $60,000,000 in relation to the first and second tranches respectively pursuant to the subscription agreement entered into between the Company and Gateway Partners. These convertible notes were fully converted at a conversion price of $0.03384 into 2,068,558,000 shares during the financial year ended 31 December 2017.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares following the abolishment of par value by the Companies (Amendment Act 2005).

23. MOVEMENT IN COMPANY'S ACCUMULATED LOSSES

	Accumulated losses $'000
2018	
Beginning of financial year	**(41,459)**
Profit for the year	**347**
End of financial year	**(41,112)**
2017	
Beginning of financial year	(14,600)
Loss for the year	(26,859)
End of financial year	(41,459)

24. COMMITMENTS AND CONTINGENCIES

(a) Loan commitments

Loan commitments granted to the owners of medical centres in China are denominated in Chinese Renminbi and the undrawn commitments expired in 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

The Group and Company lease a number of commercial and office premises from non-related parties and a related party 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			**Company**		
	31 December		1 January	**31 December**		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Not later than one year	**9,338**	10,378	7,173	**701**	701	–
Between one and five years	**10,082**	8,887	5,172	**409**	1,110	–
Later than five years	**136**	–	–	**–**	–	–
	19,556	19,265	12,345	**1,110**	1,811	–

(c) Operating lease commitments – where the Group is a lessor

The Group and Company lease out a number of commercial and office premises to non-related parties and a related party under non-cancellable operating lease agreements.

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

	Group			**Company**		
	31 December		1 January	**31 December**		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Not later than one year	**495**	457	188	**245**	245	–
Between one and five years	**280**	568	165	**143**	388	–
	775	1,025	353	**388**	633	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(d) Contingent liabilities

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 well as performance guarantees to certain customers as below:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Corporate guarantees provided:						
– on subsidiaries' loans	**–**	–	–	**–**	–	5,004
– on subsidiaries' finance lease liabilities	**–**	–	–	**380**	955	2,362
– performance guarantee	**841**	577	1,039	**442**	442	442
	841	577	1,039	**822**	1,397	7,808

25. BUSINESS COMBINATIONS

(a) Acquisition of business

On 12 September 2018, the Group through its wholly-owned subsidiary, Healthway Medical Group acquired a General Practitioner ("GP") clinic located in Jurong East for a purchase consideration of $300,000 paid in cash.

	$'000
(i) Purchase consideration	
Cash paid and consideration transferred for the business	300
(ii) Effect on cash flows of the Group	
Cash paid (as above)	300
Less: cash and cash equivalents acquired	–
Cash outflow on acquisition	300

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

25. BUSINESS COMBINATIONS (CONTINUED)

(a) Acquisition of business (Continued)

(iii) Acquisition-related costs

No acquisition-related costs had been incurred.

(iv) Goodwill

The goodwill of $300,000 arising from the acquisition is attributable to the synergies between the businesses and the anticipated economies of scale arising from combining the operations of the Group with those of the GP clinic. There were no tangible assets being transferred to the Group nor were there any liabilities assumed by the Group in this acquisition.

(b) Disposal of subsidiary

On 30 September 2018, Unimedic Pte. Ltd. ("Unimedic"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement ("SPA") with a doctor (the "Purchaser") for the disposal of 499,993 ordinary shares in CLAAS Medical Centre Pte. Ltd. ("CLAAS"), which represents Unimedic's entire 99.9% shareholdings in CLAAS. The Purchaser is one of the existing shareholders of CLAAS, who previously owned the remaining 0.1% in CLAAS.

As CLAAS owns 100% of BCNG Pte. Ltd. ("BCNG"), which provides medical aesthetics and wellness treatments under the NeuGlow Brand, upon Completion of the SPA, Unimedic will also cease to have any interest in BCNG. The consideration for the disposal of CLAAS and BCNG is $150,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

25. BUSINESS COMBINATIONS (CONTINUED)

(b) Disposal of subsidiary (Continued)

The effects of the disposal on cash flows of the Group were:

	Group 2018 $'000
Carrying amounts of assets and liabilities disposed of	
Inventories	164
Property, plant and equipment	366
Other current assets	*
Total assets	530
Trade and other payables	252
Deferred income tax liabilities (Note 21)	58
Total liabilities	310
Net assets disposed of	220
Cash inflows arising from disposal:	
Net assets disposed of (as above)	220
Less: Loss on disposal	(70)
Net cash inflow on disposal	150

*Less than $1,000

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore. 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 to $37,269,000 (2017: $37,269,000), extended to the owners of medical entities in China by a Singapore subsidiary with SGD functional currency.

As the RMB loans have been fully impaired as at 31 December 2017 and 31 December 2018 (Note 12), 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.

(ii) Price risk

The Group has no exposure to any significant price risk as at 31 December 2017 and 31 December 2018.

(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 has no material exposure to changes in interest rates.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

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		
	31 December		1 January	31 December		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Corporate guarantees provided:						
– on subsidiaries' loans	**–**	–	–	**–**	–	5,004
– on subsidiaries' finance lease liabilities	**–**	–	–	**395**	1,008	2,491
	–	–	–	**395**	1,008	7,495

The trade and other receivables of the Group comprise a number of individual debtors, and the top 10 debtors of the Group represented approximately 25% of the trade and other receivables. In the previous financial year, 10 debtors represented 29% of the trade and other receivables.

The trade and other receivables of the Company comprise 3 debtors (2017: 2 debtors) that represented 83% (2017: 67%) of the trade and other receivables.

There were no material adjustments of the Group's and Company's equity, total comprehensive income and statement of cash flow arising from the adoption of SFRS(I) 9.

(i) Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty is unlikely to make contractual payments in full to the group. The Group then makes a provision in full for the financial asset when a debtor fails to make payments greater than 365 days past due. Where receivables are greater than 365 days past due, the company continues to engage in collection efforts to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(i) *Trade receivables* (Continued)

The following table provides information of the Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2018 and 1 January 2018:

Group	Current to 365 days past due $'000	More than 365 days past due $'000	Total $'000
As at 31 December 2018			
Sales of medical services			
Weighted-average expected loss rate	**7.1%**	**100%**	
Trade receivables	**11,341**	**5,736**	**17,077**
Loss allowance	**(803)**	**(5,736)**	**(6,539)**
As at 1 January 2018			
Sales of medical services			
Weighted-average expected loss rate	6.1%	100%	
Trade receivables	11,084	4,945	16,029
Loss allowance	(676)	(4,945)	(5,621)

Loans to subsidiaries are subject to immaterial credit loss.

(ii) *Financial guarantee contracts*

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries will be able to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

(iii) *Previous accounting policy for impairment of trade receivables*

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Default or delinquency in payments (more than 365 days overdue).

NOTES TO THE FINANCIAL STATEMENTS

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26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(iii) *Previous accounting policy for impairment of trade receivables* (Continued)

The Group and the Company's credit risk exposure in relation to trade receivables under SFRS 39 as at 31 December 2017 and 1 January 2017 are set out below:

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

	Group		Company	
	31 December 2017 $'000	1 January 2017 $'000	31 December 2017 $'000	1 January 2017 $'000
Past due 0 – 30 days	2,525	1,582	–	–
Past due 31 – 120 days	2,466	2,088	–	–
Past due 121 – 365 days	1,684	1,669	–	–
	6,675	5,339	–	–

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	
	31 December 2017 $'000	1 January 2017 $'000	31 December 2017 $'000	1 January 2017 $'000
Not past due	42,946	59,654	4,527	4,527
Past due over 365 days	4,945	4,750	–	–
Less: Allowance for impairment	(47,891)	(64,404)	(4,527)	(4,527)
	–	–	–	–

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.

Other than the above, there are no credit loss allowance for other financial assets at amortised cost as at 31 December 2017 and 1 January 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

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.

	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000
Group			
At 31 December 2018			
Non-derivative financial liabilities			
Bank loans	**89**	**89**	**–**
Finance lease liabilities	**395**	**316**	**79**
Trade and other payables	**20,530**	**20,530**	**–**
	21,014	**20,935**	**79**
At 31 December 2017			
Non-derivative financial liabilities			
Bank loans	414	324	90
Finance lease liabilities	1,008	580	428
Trade and other payables	19,763	19,763	–
	21,185	20,667	518
At 1 January 2017			
Non-derivative financial liabilities			
Bank loans	12,124	9,799	2,325
Finance lease liabilities	2,491	1,470	1,021
Trade and other payables	26,692	26,692	–
	41,307	37,961	3,346
Company			
At 31 December 2018			
Non-derivative financial liabilities			
Trade and other payables	**4,025**	**4,025**	**–**
Financial guarantee contracts	**395**	**395**	**–**
	4,420	**4,420**	**–**
At 31 December 2017			
Non-derivative financial liabilities			
Trade and other payables	3,229	3,229	–
Financial guarantee contracts	951	951	–
	4,180	4,180	–
At 1 January 2017			
Non-derivative financial liabilities			
Bank loans	5,716	4,462	1,254
Trade and other payables	3,737	3,737	–
Financial guarantee contracts	2,067	2,067	–
	11,520	10,266	1,254

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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.

The Group and Company are not subjected to any externally imposed capital requirements for the financial year ended 31 December 2018. The Group and Company are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2017.

Management monitors capital based on a gearing ratio. As at 1 January 2017, the Group and the Company was also required by the lenders to maintain a gearing ratio of not exceeding 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.

(e) Fair value measurements

The carrying amount less impairment provision of trade receivables and payables 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, except for the following:

	Group			**Company**		
	31 December		1 January	**31 December**		1 January
	2018	2017	2017	**2018**	2017	2017
	$'000	$'000	$'000	**$'000**	$'000	$'000
Loans and receivables	**51,102**	56,816	70,993	**31,253**	36,474	7,911
Financial liabilities at amortised cost	**20,996**	21,108	40,542	**4,025**	3,229	9,222

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) The Group and Company has the following financial assets and liabilities subject to enforceable master netting arrangements or similar agreements as follows:

	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)
Group	**Gross amounts of recognised financial assets $'000**	**Gross amounts of recognised financial liabilities $'000**	**Net amounts of financial assets presented in the balance sheet $'000**	**(d)(i) Financial assets/ (liabilities) $'000**	**(d)(ii) Financial collateral received $'000**	**Net amount $'000**
As at 1 January 2017						
Trade and other receivables from HME	17,034	(6,276)	10,758	–	–	10,758

	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)
Company	**Gross amounts of recognised financial assets $'000**	**Gross amounts of recognised financial liabilities $'000**	**Net amounts of financial assets presented in the balance sheet $'000**	**(d)(i) Financial assets/ (liabilities) $'000**	**(d)(ii) Financial collateral received $'000**	**Net amount $'000**
As at 31 December 2018						
Other payables – subsidiaries	**689**	**(1,188)**	**(499)**	**–**	**–**	**(499)**
As at 31 December 2017						
Other payables – subsidiaries	675	(1,188)	(513)	–	–	(513)
As at 1 January 2017						
Other payables – subsidiaries	261	(1,188)	(927)	–	–	(927)
Trade and other receivables from HME	5,758	(2,765)	2,993	–	–	2,993

The agreement between the Group and the Company and HME in the previous financial year allowed 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 had the option to settle such amounts on a net basis in the event of default of the other party.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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	
	2018	2017
	$'000	$'000
Rental and other operating expenses	**808**	104
Rental deposits paid	**122**	175
Rental income	**245**	20

Balances with related parties at the balance sheet date are set out in Note 12 and Note 17.

Related parties comprise mainly companies which are controlled or significantly influenced by the deemed controlling shareholder of the Company.

(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.

Key management personnel compensation comprise:

	Group	
	2018	2017
	$'000	$'000
Wages and salaries	**392**	241
Director's fees of the Company	**280**	348
Employer's contribution to defined contribution plans, including Central Provident Fund	**5**	17
Honorarium fees	**–**	180
	677	786

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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 Healthcare comprising paediatrics, orthopaedics, aesthetic medicine, obstetrics and gynaecology and Nobel specialist comprising cardiology, gastroenterology, psychiatry, ophthalmology (eye), otorhinolaryngology (ear, nose and throat) and general surgery. During the year, the Group exited from the Wellness Healthcare segment.

Geographical segments

The Group's operations are mainly in Singapore.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

28. SEGMENT INFORMATION (CONTINUED)

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

	Singapore		China	
	Primary Healthcare $'000	Specialist Healthcare $'000	Specialist Healthcare $'000	Total $'000
2018				
Sales				
Total segment sales and sales to external parties	56,404	56,270*	–	112,674
Adjusted EBITDA	(3,598)	59*	(343)	(3,882)
Depreciation	1,036	1,010*	8	2,054
Amortisation	–	–	1	1
Segment assets	68,528	109,600	126	178,254
Segment assets include:				
– Additions to property, plant and equipment	2,388	689	–	3,077
– Additions to intangible assets	411	110	–	521
Segment liabilities	11,548	10,076	386	22,010

* Include contributions from Wellness Healthcare for nine months ended 30 September 2018.

	Singapore		China	
	Primary Healthcare $'000	Specialist and Wellness Healthcare $'000	Specialist Healthcare $'000	Total $'000
2017				
Sales				
Total segment sales and sales to external parties	51,076	53,736	–	104,812
Adjusted EBITDA	(7,648)	(20,342)	(1,676)	(29,666)
Depreciation	967	822	6	1,795
Amortisation	–	–	4	4
Goodwill impairment	(4,500)	(20,500)	–	(25,000)
Segment assets	68,630	111,276	121	180,027
Segment assets include:				
– Additions to property, plant and equipment	2,723	2,572	19	5,314
– Additions to intangible assets	25,325	25,925	–	51,250
Segment liabilities	10,948	9,812	848	21,608

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

28. SEGMENT INFORMATION (CONTINUED)

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.

(a) Reconciliations

(i) Segment profits

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

	Group	
	2018	2017
	$'000	$'000
Adjusted EBITDA for reportable segments	**(3,882)**	(29,666)
Depreciation	**(2,054)**	(1,795)
Amortisation	**(1)**	(4)
Interest income	**387**	266
Finance expense	**(384)**	(2,952)
Loss before tax	**(5,934)**	(34,151)

(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	
	2018	2017
	$'000	$'000
Segment assets for reportable segments	**178,254**	180,027
Unallocated:		
Short-term bank deposits (Note 11)	**26,043**	30,768
Total assets	**204,297**	210,795

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

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	
	2018	2017
	$'000	$'000
Segment liabilities for reportable segments	**22,010**	21,608
Unallocated:		
Current income tax liabilities (Note 9(b))	**84**	193
Deferred income tax liabilities (Note 21)	**1,178**	1,297
Borrowings (Note 18)	**466**	1,345
Total liabilities	**23,738**	24,443

(b) Geographical information

	Sales for continuing operations	
	2018	2017
	$'000	$'000
Singapore	**112,674**	104,812
	112,674	104,812

Non-current assets are all located in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

29. 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 2019 and which the Group has not early adopted:

SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 December 2018, the Group has operating lease commitments of $19,556,000 (Note 24(b)).

The Group expects to recognise right-of-use assets of approximately $18,234,000 on 1 January 2019, lease liabilities of $18,879,000 (after adjustments for prepayments and accrued lease payments recognised). Overall net assets will be approximately $644,000 lower, and net current assets will be $7,913,000 lower due to the presentation of a portion of the liability as a current liability.

The Group expects that net profit after tax will increase by approximately $28,000 for 2019 as a result of adopting the new rules. Adjusted EBITDA used to measure segment results is expected to increase by approximately $9,800,000, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

Operating cash flows will increase and financing cash flows decrease by approximately $8,620,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

30. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 1 January 2019, Healthway Medical Group Pte Ltd ("HMG"), a subsidiary of the Company, acquired a clinic for a total consideration of approximately $700,000 comprising a cash consideration of approximately $400,000 and a contingent consideration of approximately $300,000. On 1 February 2019, HMG acquired another clinic for a total cash consideration of approximately $1,400,000. Both clinics are operating general medical practices.

On 20 March 2019, the Company entered into hire purchase agreements for leasehold improvements amounting to approximately $900,000 that are repayable over a period of 48 months. These hire purchase agreements bear an interest rate of 2.5% per annum.

31. AUTHORISATION OF THE 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 29 March 2019.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2019

Total number of issued shares excluding treasury shares and subsidiary holdings	:	4,528,792,100
Total number of treasury shares held	:	Nil
Total number of subsidiary holdings held	:	Nil
Class of shares	:	Ordinary
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	222	4.16	7,225	0.00
100 – 1,000	329	6.16	193,958	0.00
1,001 – 10,000	1,042	19.52	5,875,985	0.13
10,001 – 1,000,000	3,624	67.88	413,504,782	9.13
1,000,001 and above	122	2.28	4,109,210,150	90.74
TOTAL	**5,339**	**100.00**	**4,528,792,100**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	GENTLE CARE PTE LTD	1,270,169,892	28.05
2	GW ACTIVE LIMITED	1,241,134,751	27.41
3	OCBC SECURITIES PRIVATE LIMITED	462,907,735	10.22
4	CITIBANK NOMINEES SINGAPORE PTE LTD	355,582,750	7.85
5	KGI SECURITIES (SINGAPORE) PTE. LTD.	160,175,465	3.54
6	RHB SECURITIES SINGAPORE PTE. LTD.	137,087,390	3.03
7	DBS NOMINEES (PRIVATE) LIMITED	31,641,343	0.70
8	RAFFLES NOMINEES (PTE.) LIMITED	23,516,336	0.52
9	UOB KAY HIAN PRIVATE LIMITED	22,766,036	0.50
10	PHILLIP SECURITIES PTE LTD	21,241,987	0.47
11	TAN KOON	18,600,000	0.41
12	HANIF MOEZ NOMANBHOY	17,443,811	0.39
13	ONG ENG LOKE	16,000,000	0.35
14	TEOH TEIK KEE	13,000,000	0.29
15	TAN KHEEN SENG @JOHN	12,523,964	0.28
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	11,541,184	0.25
17	LIM OON HOCK	10,069,000	0.22
18	GOH LEONG HAI	10,000,000	0.22
19	NEO TEE KHIN	9,500,000	0.21
20	SHEK CHEE KEONG	8,691,000	0.19
	TOTAL	**3,853,592,644**	**85.10**

STATISTICS OF SHAREHOLDINGS

As at 18 March 2019

SUBSTANTIAL SHAREHOLDERS (as recorded in the Company's Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	%[1]	No. of Shares	%[1]
Gentle Care Pte. Ltd.	1,594,776,083	35.21	–	–
Valiant Leader Limited	–	–	1,594,776,083	35.21[2]
Tamsett Holdings Limited	–	–	1,594,776,083	35.21[3]
GW Active Limited	1,241,134,751	27.41	–	–
Gateway Fund I, L.P.	–	–	1,241,134,751	27.41[4]
Continental Equity Inc.	–	–	253,865,182	5.61[5]
Rickon Holdings Limited	–	–	1,848,641,265	40.82[6]
Lippo China Resources Limited	–	–	1,848,641,265	40.82[7]
Skyscraper Realty Limited	–	–	1,848,641,265	40.82[8]
First Tower Corporation	–	–	1,848,641,265	40.82[9]
Lippo Limited	–	–	1,848,641,265	40.82[10]
Lippo Capital Limited	–	–	1,848,641,265	40.82[11]
Lippo Capital Holdings Company Limited	–	–	1,848,641,265	40.82[12]
Lippo Capital Group Limited	–	–	1,848,641,265	40.82[13]
PT Trijaya Utama Mandiri	–	–	1,848,641,265	40.82[14]
Dr James Tjahaja Riady	–	–	1,848,641,265	40.82[15]
Dr Stephen Riady	–	–	1,848,641,265	40.82[16]

Notes:

1 Computed based on 4,528,792,100 shares in the Company ("**Shares**"), being the total number of issued voting Shares as at 18 March 2019.

2 Valiant Leader Limited ("**VL**") is deemed to be interested in the Shares held by Gentle Care Pte. Ltd. ("**GC**") by virtue of its shareholding in GC. VL is the direct holding company of GC.

3 Tamsett Holdings Limited ("**TH**") is deemed to be interested in the Shares held by GC by virtue of its shareholding in VL. TH is a direct holding company of VL and is an indirect holding company of GC.

4 Gateway Fund I, L.P. is deemed to be interested in the Shares held by GW Active Limited by virtue of its 100% shareholding in GW Active Limited.

5 Continental Equity Inc. ("**CEI**") is deemed to be interested in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI), and 126,913,882 Shares held through Citibank Noms S'pore Pte. Ltd. UBS AG Singapore Branch (acting as nominee for CEI). CEI is a wholly-owned subsidiary of Rickon Holdings Limited ("**RH**").

6 RH is deemed to be interested in the Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch and OCBC Securities Pte. Ltd. (acting as nominees for CEI) and the Shares held by GC by virtue of its shareholding in CEI and TH (an indirect holding company of GC and a wholly-owned subsidiary of RH) respectively. RH is the direct holding company of CEI.

7 Lippo China Resources Limited ("**LCR**") is deemed to be interested in the Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch and OCBC Securities Pte. Ltd. (acting as nominees for CEI) and the Shares held by GC by virtue of its shareholding in RH. LCR is a direct holding company of RH and is an indirect holding company of CEI.

8 Skyscraper Realty Limited ("**Skyscraper**") is deemed to be interested in the Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch and OCBC Securities Pte. Ltd. (acting as nominees for CEI) and the Shares held by GC by virtue of its shareholding in LCR. Skyscraper is a direct holding company of LCR and is an indirect holding company of CEI.

9 First Tower Corporation ("**First Tower**") is deemed to be interested in the Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch and OCBC Securities Pte. Ltd. (acting as nominees for CEI) and the Shares held by GC by virtue of its shareholding in Skyscraper. First Tower is a direct holding company of Skyscraper and is an indirect holding company of CEI.

10 Lippo Limited ("**Lippo**") is deemed to be interested in the Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch and OCBC Securities Pte. Ltd. (acting as nominees for CEI.) and the Shares held by GC by virtue of its shareholding in First Tower. Lippo is a direct holding company of First Tower and is an indirect holding company of CEI.

11 Lippo Capital Limited ("**Lippo Capital**") is deemed to be interested in the Shares held through Citibank Noms S'pore Pte Ltd UBS AG Singapore Branch and OCBC Securities Pte. Ltd. (acting as nominees for CEI) and the Shares held by GC by virtue of its shareholding in Lippo. Lippo Capital is a direct holding company of Lippo and is an indirect holding company of CEI.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2019

12 Lippo Capital Holdings Company Limited ("**LCH**") is the holding company of Lippo Capital, which in turn is an intermediate holding company of GC and CEI. GC has a direct interest in 1,594,776,083 Shares. CEI has a deemed interest in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI) and 126,913,882 Shares held through Citibank Noms S'pore Pte. Ltd. UBS AG Singapore Branch (acting as nominee for CEI). Accordingly, Lippo Capital has an interest in the shares in which GC and CEI have an interest, amounting to a total interest in 1,848,641,265 Shares.

13 Lippo Capital Group Limited ("**LCG**") is the holding company of LCH. LCH is the holding company of Lippo Capital. Accordingly, LCG has a deemed interest in the Shares in which Lippo Capital has an interest. Lippo Capital is an intermediate holding company of GC and CEI. GC has a direct interest in 1,594,776,083 Shares. CEI has a deemed interest in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI) and 126,913,882 Shares held through Citibank Noms S'pore Pte. Ltd. UBS AG Singapore Branch (acting as nominee for CEI). Accordingly, Lippo Capital has an interest in the Shares in which GC and CEI have an interest, amounting to a total interest in 1,848,641,265 Shares.

14 PT Trijaya Utama Mandiri ("**PTT**") holds more than 20% of the Shares in Lippo Capital. Accordingly, PTT has a deemed interest in the Shares in which Lippo Capital has an interest. Lippo Capital is an intermediate holding company of GC and CEI. GC has a direct interest in 1,594,776,083 Shares. CEI has a deemed interest in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI) and 126,913,882 Shares held through Citibank Noms S'pore Pte. Ltd. UBS AG Singapore Branch (acting as nominee for CEI). Accordingly, Lippo Capital has an interest in the Shares in which GC and CEI have an interest, amounting to a total interest in 1,848,641,265 Shares.

15 Dr James Tjahaja Riady ("**Dr James Riady**") effectively holds all the shares in PTT which holds more than 20% of the shares in Lippo Capital. Accordingly, Dr James Riady has a deemed interest in the Shares in which Lippo Capital has an interest. Lippo Capital is an intermediate holding company of GC and CEI. GC has a direct interest in 1,594,776,083 Shares. CEI has a deemed interest in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI) and 126,913,882 Shares held through Citibank Noms S'pore Pte. Ltd. UBS AG Singapore Branch (acting as nominee for CEI). Accordingly, Lippo Capital has an interest in the Shares in which GC and CEI have an interest, amounting to a total interest in 1,848,641,265 Shares.

16 Dr Stephen Riady ("**Dr Riady**") holds all the shares in LCG, which is the holding company of LCH. LCH is the holding company of Lippo Capital. Lippo Capital has a deemed interest in 1,848,641,265 Shares. Accordingly, Dr. Riady has a deemed interest in the Shares in which Lippo Capital has an interest. Lippo Capital is an intermediate holding company of GC and CEI. GC has a direct interest in 1,594,776,083 Shares. CEI has an interest in 126,951,300 Shares held through OCBC Securities Pte. Ltd. (acting as nominee for CEI) and 126,913,882 Shares held through Citibank Noms S'pore Pte. Ltd. UBS AG Singapore Branch (acting as nominee for CEI). Accordingly, Lippo Capital has an interest in the Shares in which GC and CEI have an interest, amounting to a total interest in 1,848,641,265 Shares.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the information available to the Company as of 18 March 2019, approximately 31.73% of the total number of issued voting Shares were held in the hands of the public and therefore, the Rule 723 of the Catalist Rules is complied with.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting ("**AGM**") of Healthway Medical Corporation Limited (the "**Company**") will be held at Mandarin Orchard Singapore, 6th floor, Main Tower, 333 Orchard Road, Singapore 238867 on Friday, 26 April 2019 at 2:00 p.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2018 together with the Report of the Independent Auditor thereon. **(Resolution 1)**

2. To re-elect Mr Anand Kumar, a Director retiring pursuant to Regulation 98 of the Company's Constitution, and being eligible, has offered himself for re-election. (see explanatory note 1) **(Resolution 2)**

3. To note the retirement of Mr Sonny Yuen Chee Choong as a Director pursuant to Regulation 98 of the Company's Constitution, who has decided not to seek for re-election. (see explanatory note 2)

4. To note the retirement of Mr Lee Luen-Wai, John as a Director of the Company. (see explanatory note 3)

5. To appoint Mr Sin Boon Ann as a Director pursuant to Regulation 100 of the Company's Constitution. (see explanatory note 4) **(Resolution 3)**

6. To appoint Mr Abram Melkyzedeck Suhardiman as a Director pursuant to Regulation 100 of the Company's Constitution. (see explanatory note 5) **(Resolution 4)**

7. To approve the payment of Directors' fees of S$280,000 for the financial year ended 31 December 2018. (2017: S$348,186) **(Resolution 5)**

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

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

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if deemed fit, to pass, with or without modifications, the following Ordinary Resolution(s):

10. The Proposed General Share Issue Mandate (the "**Share Issue Mandate**") **(Resolution 7)**

"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; and

(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 and subsidiary holdings, if any) (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 and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below);

NOTICE OF ANNUAL GENERAL MEETING

(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 and subsidiary holdings, if any) at the time of passing this Resolution, after adjusting for:

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

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

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

(c) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, and the Company's 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 6)

BY ORDER OF THE BOARD

Raymond Lam Kuo Wei
Shee Shin Yee
Company Secretaries

11 April 2019
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr Anand Kumar will, upon re-election as Director of the Company, remain as a Non-Executive Non-Independent Director of the Company. The detailed information on Mr Anand Kumar as recommended under the 2018 Code of Corporate Governance and as required under Rule 720(5) of Rules of Catalist can be found in this Annual Report 2018.

2. Mr Sonny Yuen Chee Choong will retire as an Independent Director of the Company at the conclusion of the shareholders' meetings on 26 April 2019 ("**Meetings**"). Consequent thereto, Mr Sonny Yuen will also cease to act as the member of the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee.

3. Mr Lee Luen-Wai, John has given notice to the Company that he wishes to retire as a Director and Non-Executive Non-Independent Chairman of the Company at the conclusion of the Meetings.

4. Mr Sin Boon Ann be appointed as a Director pursuant to Regulation 100 of the Company's Constitution at the conclusion of the Meetings. Upon his appointment, Mr Sin will be considered as a Non-Executive Independent Chairman of the Company and a member of each of the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee. The Board considers him independent for the purposes of Rule 704(7) of the Rules of Catalist. Mr Sin does not have any relationships including immediate family relationships between himself and the other Directors, the Company and its substantial shareholders. Further information on Mr Sin as required under Rule 720(5) of Rules of Catalist can be found in this Annual Report.

5. Mr Abram Melkyzedeck Suhardiman be appointed as a Director pursuant to Regulation 100 of the Company's Constitution at the conclusion of the Meetings. Upon his appointment, Mr Suhardiman will be considered as an Executive Director of the Company. Mr Suhardiman is the son-in-law of Dr Stephen Riady, the Non-Executive Non-Independent Director of the Company. Further information on Mr Suhardiman as required under Rule 720(5) of Rules of Catalist can be found in this Annual Report.

6. 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 and subsidiary holdings, if any) 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 and subsidiary holdings, if any).

   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 10 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 Shares (excluding treasury shares and subsidiary holdings, if any) 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 Shares (excluding treasury shares and subsidiary holdings, if any) 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.

Notes:

1. Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted by way of poll.

2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

3. A proxy need not be a Member of the Company.

4. 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.

5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 6 Shenton Way, #10-09 OUE Downtown 2, Singapore 068809 not less than 48 hours before the time appointed for holding the AGM.

6. 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 AGM 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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 or your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar 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 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 11 April 2019.

I/We, ______________________ (Name), NRIC/Passport No./Co. Reg. No. ______________

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 whom, 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 Mandarin Orchard Singapore, 6th floor, Main Tower, 333 Orchard Road, Singapore 238867 on Friday, 26 April 2019 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. The resolutions put to vote at the AGM shall be decided by poll.

No.	Ordinary Resolutions Relating to:	Number of votes For**	Number of votes Against**
1.	Adoption of Directors' Statement and Audited Financial Statements and Report of the Independent Auditor for the financial year ended 31 December 2018		
2.	Re-election of Mr Anand Kumar as a Director of the Company		
3.	Appointment of Mr Sin Boon Ann as a Director of the Company		
4.	Appointment of Mr Abram Melkyzedeck Suhardiman as a Director of the Company		
5.	Approval of payment of Directors' fees of S$280,000 for the financial year ended 31 December 2018		
6.	Re-appointment of Messrs PriceWaterhouseCoopers LLP as Independent Auditors		
7.	Authority to issue and allot shares pursuant to the Share Issue 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 ____________ 2019

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

____
Signature(s) of Shareholder(s)/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 a proxy or proxies must be deposited at the Company's registered office at 6 Shenton Way, #10-09 OUE Downtown 2, Singapore 068809 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, Cap. 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.

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