Healthway Medical

Empowering Healthier Lives

HEALTHWAY MEDICAL CORPORATION LIMITED
(Co. Regn. No: 200708625C)

Condensed interim financial statements for the six months ended 30 June 2023

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Condensed interim consolidated statement of comprehensive income
For the six-month financial period ended 30 June 2023

		Group		
		6 months ended		Change
		30.06.2023	30.06.2022	
	Note	$'000	$'000	%
Revenue	3	80,943	79,989	1.2
Other income		2,086	1,672	24.8
Expenses by nature				
- Medical supplies, consumables and laboratory expenses		(13,253)	(13,986)	(5.2)
- Staff costs		(50,340)	(46,287)	8.8
- Depreciation of property, plant and equipment		(7,679)	(5,590)	37.4
- Amortisation of intangible assets		(26)	(267)	(90.3)
- Rental on operating leases		(65)	(112)	(42.0)
- (Provision)/reversal for impairment loss on trade and other receivables - net		(23)	66	n.m.
- Finance expenses		(637)	(444)	43.5
- Other expenses		(6,537)	(6,172)	5.9
Total expenses		(78,560)	(72,792)	7.9
Share of loss of associate		(204)	(185)	10.3
Profit before income tax	5	**4,265**	**8,684**	(50.9)
Income tax expenses	6	(379)	(1,208)	(68.6)
Profit after tax for the financial period		**3,886**	**7,476**	(48.0)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
- Currency translation differences arising from consolidation – net		*	-	n.m.
Other comprehensive income for the period, net of tax		*	-	n.m.
Total comprehensive income for the period		**3,886**	**7,476**	(48.0)
Total profit for the period attributable to:				
Equity holders of the Company		3,742	7,565	(50.5)
Non-controlling interests		144	(89)	n.m.
Total comprehensive income for the period attributable to:				
Equity holders of the Company		3,742	7,565	(50.5)
Non-controlling interests		144	(89)	n.m.
Profit per share attributable to owners of the Company (cents per share)				
Basic and diluted profit per share	12	0.08	0.17	(50.6)

* Denotes less than $500

Condensed interim statements of financial position
As at 30 June 2023

		Group		Company	
		30.06.2023	31.12.2022	**30.06.2023**	31.12.2022
	Note	**$'000**	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and bank balances	7	**35,179**	39,135	**28,671**	26,062
Trade and other receivables	8	**24,513**	23,853	**253**	312
Inventories		**6,271**	5,609	**-**	-
		65,963	68,597	**28,924**	26,374
Non-current assets					
Trade and other receivables	8	**2,565**	2,740	**-**	-
Investments in subsidiaries		**-**	-	**207,030**	210,610
Investment in an associate		**926**	1,130	**2,108**	2,108
Property, plant and equipment	14	**35,452**	30,532	**287**	463
Intangible assets	13	**159,020**	155,518	**211**	204
Derivative assets		**1,251**	964	**-**	-
Deferred income tax assets		**1,734**	1,834	**79**	79
		200,948	192,718	**209,715**	213,464
Total assets		**266,911**	261,315	**238,639**	239,838
LIABILITIES					
Current liabilities					
Trade and other payables	9	**23,729**	26,950	**852**	1,659
Current income tax liabilities		**1,441**	2,639	**39**	90
Borrowings	15	**141**	401	**-**	-
Lease liabilities		**10,387**	9,392	**-**	395
		35,698	39,382	**891**	2,144
Non-current liabilities					
Trade and other payables	9	**6,248**	5,343	**-**	-
Borrowings	15	**12**	112	**-**	-
Lease liabilities		**16,490**	12,217	**-**	-
Provisions		**2,316**	1,999	**105**	105
Deferred income tax liabilities		**962**	947	**-**	-
		26,028	20,618	**105**	105
Total liabilities		**61,726**	60,000	**996**	2,249
NET ASSETS		**205,185**	201,315	**237,643**	237,589
EQUITY					
Capital and reserves attributable to owners of the Company					
Share capital	16	**277,630**	277,630	**277,630**	277,630
Other reserves	17	**(4,058)**	(4,058)	**67**	67
Accumulated losses		**(69,871)**	(73,613)	**(40,054)**	(40,108)
		203,701	199,959	**237,643**	237,589
Non-controlling interests		**1,484**	1,356	**-**	-
Total equity		**205,185**	201,315	**237,643**	237,589

Condensed interim statements of changes in equity
For the six-month financial period ended 30 June 2023

Group	Share capital (Note 16) $'000	Treasury shares (Note 16) $'000	Share-based compensation reserve (Note 17) $'000	Currency translation reserve (Note 17) $'000	Capital reserve (Note 17) $'000	Accumulated losses $'000	Equity attributable to owners of the Company, total $'000	Non-controlling interests $'000	Total equity $'000
2023									
Balance at 1 January 2023	277,630	-	-	(2)	(4,056)	(73,613)	199,959	1,356	201,315
Profit for the period	-	-	-	-	-	3,742	3,742	144	3,886
Other comprehensive income									
Foreign currency translation differences	-	-	-	*	-	-	*	-	*
Total comprehensive income for the period	-	-	-	*	-	3,742	3,742	144	3,886
Contributions by and distributions to owners									
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(16)	(16)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	(16)	(16)
Balance at 30 June 2023	**277,630**	**-**	**-**	**(2)**	**(4,056)**	**(69,871)**	**203,701**	**1,484**	**205,185**
2022									
Balance at 1 January 2022	277,433	(33)	235	-	(3,153)	(86,152)	188,330	317	188,647
Profit for the period, representing total comprehensive income for the period	-	-	-	-	-	7,565	7,565	(89)	7,476
Contributions by and distributions to owners									
Treasury shares reissued	-	33	(38)	-	5	-	-	-	-
New shares issued	197	-	(197)	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(20)	(20)
Dilution of interests in subsidiaries without a change in control	-	-	-	-	-	9	9	504	513
Total contributions by and distributions to owners	197	33	(235)	-	5	9	9	484	493
Balance at 30 June 2022	**277,630**	**-**	**-**	**-**	**(3,148)**	**(78,578)**	**195,904**	**712**	**196,616**

* Denotes less than $500

Condensed interim statements of changes in equity
For the six-month financial period ended 30 June 2023

	Share capital (Note 16) $'000	Treasury shares (Note 16) $'000	Share-based compensation reserve (Note 17) $'000	Capital reserve (Note 17) $'000	Accumulated losses $'000	Equity attributable to owners of the Company, total $'000
Company						
2023						
Balance at 1 January 2023	277,630	-	-	67	(40,108)	237,589
Profit for the period, representing total comprehensive income for the period	-	-	-	-	54	54
Balance at 30 June 2023	**277,630**	**-**	**-**	**67**	**(40,054)**	**237,643**
2022						
Balance at 1 January 2022	277,433	(33)	235	62	(39,836)	237,861
Profit for the period, representing total comprehensive income for the period	-	-	-	-	66	66
Contributions by and distributions to owners						
Treasury shares reissued	-	33	(38)	5	-	-
New shares issued	197	-	(197)	-	-	-
Total contributions by and distributions to owners	197	33	(235)	5	-	-
Balance at 30 June 2022	**277,630**	**-**	**-**	**67**	**(39,770)**	**237,927**

Condensed interim statement of cash flows
For the six-month financial period ended 30 June 2023

	Group	
	6 months ended	
	30.06.2023	30.06.2022
	$'000	$'000
Cash flows from operating activities		
Profit before income tax	4,265	8,684
Adjustments for:		
- Depreciation of property, plant and equipment	7,679	5,590
- Amortisation of intangible assets	26	267
- Gain on disposal of property, plant and equipment	(10)	(9)
- Property, plant and equipment written off	17	12
- Fair value gain on derivative assets	(287)	-
- Provision/(reversal) for impairment loss on trade and other receivables - net	23	(66)
- Finance expenses	637	444
- Interest income	(668)	(30)
- Share of loss of associate	204	185
Operating cash inflows before changes in working capital	11,886	15,077
Changes in working capital:		
- Inventories	(662)	(452)
- Trade and other receivables	(507)	4,747
- Trade and other payables	(2,834)	(2,376)
- Provisions	(5)	(89)
Cash flows generated from operations	7,878	16,907
Income tax paid	(1,462)	(299)
Net cash flows generated from operating activities	**6,416**	**16,608**
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,350)	(1,291)
Purchase of intangible assets	(29)	(102)
Acquisition of clinics	(2,272)	(196)
Proceeds from the dilution of subsidiaries' shares	-	513
Proceeds on disposal of property, plant and equipment	10	131
Interest received	410	30
Net cash flows used in investing activities	**(4,231)**	**(915)**

Condensed interim statement of cash flows
For the six-month financial period ended 30 June 2023

	Group	
	6 months ended	
	30.06.2023	30.06.2022
	$'000	$'000
Cash flows from financing activities		
Bank deposits pledged	(51)	(43)
Dividends paid to non-controlling interests	(16)	(20)
Loans from non-controlling interests	160	84
Repayment of other secured borrowings	(360)	(447)
Principal payment of lease liabilities	(5,288)	(4,471)
Interest paid	(637)	(444)
Net cash flows used in financing activities	**(6,192)**	**(5,341)**
Net (decrease)/increase in cash and cash equivalents	(4,007)	10,352
Cash and cash equivalents at the beginning of financial period	38,417	32,877
Cash and cash equivalents at the end of financial period	**34,410**	**43,229**
Cash and cash equivalents comprised:		
Cash and bank balances	35,179	43,947
Pledged fixed deposits	(769)	(718)
	34,410	**43,229**

1. Corporate information

Healthway Medical Corporation Limited (the "**Company**" or "**Healthway Medical**", together with its subsidiaries, the "**Group**") is listed on the Catalist Board of 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 its principal subsidiaries are in the business of healthcare management.

2. Basis of Preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to give an understanding of the changes in the Group's financial position and performance since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as mentioned in Note 2.2.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.2 New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.3 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any applicable future periods.

3. Segment and revenue 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. Whilst the CODM receives separate reports for each of the Group's strategic business units, the results have been aggregated into the Primary Healthcare and Specialist Healthcare segments. 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.

Business segments

The Group has the following business segments.

- Primary Healthcare comprising family medicine, dentistry, podiatry, healthcare benefit management and investment in strategic medical related business; and

- Specialist Healthcare comprising paediatrics, orthopaedics, obstetrics and gynaecology and Nobel specialist comprising cardiology, gastroenterology, psychiatry, ophthalmology (eye), otorhinolaryngology (ear, nose and throat), general surgery and speech therapy.

Geographical segments

The Group's operations are mainly in Singapore.

3.1 Reportable segments

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

	Singapore		
6 months ended 30 June 2023	**Primary Healthcare**	**Specialist Healthcare**	**Total**
	$'000	$'000	$'000
Sales			
Total segment sales and sales to external parties	44,378	36,565	80,943
Adjusted EBITDA	4,606	7,250	11,856
Depreciation of property, plant and equipment	5,179	2,500	7,679
Amortisation of intangible assets	26	-	26
Segment assets	140,493	105,924	246,417
Segment assets include:			
- Additions to property, plant and equipment	5,926	6,695	12,621
- Additions to intangible assets	3,528	-	3,528
Segment liabilities	30,236	24,250	54,486

3.1 Reportable segments (continued)

6 months ended 30 June 2022	Singapore Primary Healthcare $'000	Singapore Specialist Healthcare $'000	Total $'000
Sales			
Total segment sales and sales to external parties	53,544	26,445	79,989
Adjusted EBITDA	10,347	4,793	15,140
Depreciation of property, plant and equipment	3,773	1,817	5,590
Amortisation of intangible assets	267	-	267
Segment assets	137,383	87,345	224,728
Segment assets include:			
- Additions to property, plant and equipment	5,482	3,667	9,149
- Additions to intangible assets	102	-	102
Segment liabilities	25,892	16,499	42,391

The revenue reported for interim financial period 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. 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

	Group 6 months ended 30.06.2023 $'000	Group 6 months ended 30.06.2022 $'000
Adjusted EBITDA for reportable segments	11,856	15,140
Depreciation of property, plant and equipment	(7,679)	(5,590)
Amortisation of intangible assets	(26)	(267)
Interest income	410	30
Interest income on other payables to non-controlling interests	258	-
Fair value gain on derivative assets	287	-
Finance expenses	(637)	(444)
Share of loss of associate – net of tax	(204)	(185)
Profit before tax	**4,265**	**8,684**

3.1 Reportable segments (continued)

(a) Reconciliations (continued)

(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 the amounts disclosed below.

Segment assets are reconciled to total assets as follows:

	Group	
	As at	
	30.06.2023	**30.06.2022**
	$'000	$'000
Segment assets for reportable segments	246,417	224,728
Unallocated:		
- Short-term bank deposits	16,583	17,597
- Investment in an associate	926	1,244
- Derivative assets	1,251	605
- Deferred income tax assets	1,734	1,484
Total assets	**266,911**	**245,658**

(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 the amounts disclosed below.

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	As at	
	30.06.2023	**30.06.2022**
	$'000	$'000
Segment liabilities for reportable segments	54,486	42,391
Unallocated:		
- Current income tax liabilities	1,441	1,522
- Deferred income tax liabilities	962	901
- Financial liabilities	4,684	3,256
- Borrowings	153	971
Total liabilities	**61,726**	**49,041**

3.1 Reportable segments (continued)

(b) Geographical information

	Group 6 months ended 30.06.2023 $'000	Group 6 months ended 30.06.2022 $'000
Sales for continuing operations	80,943	79,989

(c) Breakdown of sales

Group	30.06.2023 $'000	30.06.2022 $'000	Increase/(decrease) $'000	Increase/(decrease) %
Sales reported for first half year	80,943	79,989	954	1.2
Operating profit after tax before deducting non-controlling interests for first half year	3,886	7,476	(3,590)	(48.0)

4. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	Group		Company	
	30.06.2023 $'000	31.12.2022 $'000	30.06.2023 $'000	31.12.2022 $'000
Financial assets, at amortised cost	62,142	65,152	28,911	26,320
Financial assets, at fair value through profit or loss	1,251	964	–	–
Financial liabilities, at amortised cost	52,379	50,003	769	2,005

5. Profit before income tax

5.1. Significant items

Group	6 months ended	
	30.06.2023	**30.06.2022**
	$'000	$'000
Income		
Rental income	124	143
Government grant income	962	1,044
Fair value gain on derivative assets	287	–
Interest income on other payables to non-controlling interests	258	–
Gain on disposal of property, plant and equipment	10	9
Lease interest income	2	8
Interest income	408	22
Expenses		
Lease interest expense	617	412
Other interest expenses	20	32
Property, plant and equipment written-off	17	12

5.2. Related party transactions

In addition to the information disclosed at Note 8 and Note 9 in the financial statements, the following significant transactions took place between the Group and related parties at terms agreed between the parties:

Group	6 months ended	
	30.06.2023	**30.06.2022**
	$'000	$'000
Rental and other operating expenses	702	710
Rental and other operating income	–	135
Staff costs	178	155

Related parties comprise mainly companies which are controlled or significantly influenced by the deemed controlling shareholders of the Group and a close family member of a key management personnel of the Group.

6. Income tax expenses

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expenses in the condensed interim consolidated statement of profit or loss are:

Group	6 months ended	
	30.06.2023	30.06.2022
	$'000	$'000
Current income tax expenses	264	1,208
Deferred income tax expenses relating to origination and reversal of temporary differences	115	–
	379	1,208

7. Cash and bank balances

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	$'000	$'000	$'000	$'000
Cash at bank and on hand	18,596	21,408	13,486	8,734
Short-term bank deposits	16,583	17,727	15,185	17,328
	35,179	39,135	28,671	26,062

The bank balances of the Group include $769,000 pledged as security for a certain banker's guarantee (2022: $718,000).

8. Trade and other receivables

	Group		Company	
	30.06.2023	**31.12.2022**	**30.06.2023**	**31.12.2022**
	$'000	$'000	$'000	$'000
Current				
Trade receivables	25,952	25,243	–	–
Less: Allowance for impairment loss	(3,147)	(3,137)	–	–
Net trade receivables	22,805	22,106	–	–
Other receivables				
- related parties	130	116	–	–
- non-related parties	212	393	58	76
Less: Allowance for impairment loss	(81)	(81)	–	–
Net other receivables	261	428	58	76
Finance lease receivables	41	40	–	–
Deposits	1,291	703	182	182
Prepayments	115	576	13	54
	24,513	23,853	253	312
Non-current				
Finance lease receivables	36	57	–	–
Deposits	2,529	2,683	–	–
	2,565	2,740	–	–

Trade receivables are non-interest bearing and are generally on 30-90 days' terms.

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

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

	Group		Company	
	30.06.2023	**31.12.2022**	**30.06.2023**	**31.12.2022**
	$'000	$'000	$'000	$'000
Beginning of financial period/year	3,218	3,486	–	–
Acquisition of subsidiaries	–	13	–	–
Provision/(reversal) for impairment loss – net	23	(126)	–	–
Utilised	(13)	(155)	–	–
	3,228	3,218	–	–

9. Trade and other payables

	Group		Company	
	30.06.2023	**31.12.2022**	**30.06.2023**	**31.12.2022**
	$'000	$'000	$'000	$'000
Current				
Trade payables to:				
- non-related parties	9,674	10,645	52	31
Other payables to:				
- non-related parties	3,567	5,117	318	467
- related parties	12	14	3	3
	13,253	15,776	373	501
Deferred income	923	793	–	–
Accrued expenses	9,553	10,381	479	1,158
	23,729	26,950	852	1,659
Non-current				
Other payables to non-related parties	1,003	–	–	–
Other payables to related parties	117	117	–	–
Other payables to non-controlling interests	4,684	4,942	–	–
Loans from subsidiaries' non-controlling interests	444	284	–	–
	6,248	5,343	–	–

Trade payables are non-interest bearing and are generally on 30-90 days' terms.

Other payables (current) are unsecured, interest-free and repayable on demand. Other payables (non-current) are unsecured, interest-free and not expected to be settled within the next 12 months.

Other payables to non-controlling interests ("NCI") relate to contracts between the Group and the NCI to purchase the shares held by the NCI in the subsidiaries. The contracts are not expected to be settled within the next 12 months.

The loans from subsidiaries' non-controlling interests are unsecured, bear interests at 2.75% to 5% per annum and repayable within two to three years.

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.

10. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -

a) current financial period reported on; and

b) immediately preceding financial year.

	Group		**Company**	
	30.06.2023	**31.12.2022**	**30.06.2023**	**31.12.2022**
	$'000	$'000	$'000	$'000
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	4.49	4.41	5.24	5.24

The net asset value per ordinary share of the Group and the Company as of 30 June 2023 were calculated based on the total number of issued shares, excluding treasury shares, of 4,535,571,100 (31 December 2022: 4,535,571,000).

11. Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) **(Level 3)**.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table presented the assets measured at fair value:

Group	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
30.06.2023				
Derivatives				
Options in NCI's shares	–	–	1,251	1,251
31.12.2022				
Derivatives				
Options in NCI's shares	–	–	964	964

11. Fair value measurement (continued)

Level 3 fair value measurements

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3) as at 30 June 2023:

Group

Description	**Valuation technique**	**Significant unobservable inputs**	**Range used**
Recurring fair value measurement			
Derivatives	Options pricing model	Earnings before interest, taxes, depreciation and amortisation ("EBITDA") growth rates	1.5% to 68.0% (31.12.2022: 1.5% to 68.0%)

(ii) *Valuation policies and procedures*

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations by management.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

11. Fair value measurement (continued)

Level 3 fair value measurements (continued)

(iii) *Movement in Level 3 financial instruments measured at fair value*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Group	**Fair value measurements using significant unobservable inputs (Level 3)**	
	30.06.2023	**31.12.2022**
	$'000	$'000
At 1 January	964	605
Additions	–	17
Fair value gain (Note 5.1)	287	342
	1,251	964

12. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Group	**6 months ended**	
	30.06.2023	**30.06.2022**
Weighted average number of ordinary shares outstanding for basic profit per share (‘000)	4,535,571	4,531,671
Weighted average number of ordinary shares outstanding for diluted profit per share (‘000)	4,535,571	4,531,671
Basic and diluted profit per ordinary share (cents)	0.08	0.17

13. Intangible assets

	Group		Company	
	30.06.2023	**31.12.2022**	**30.06.2023**	**31.12.2022**
	$'000	$'000	$'000	$'000
Goodwill arising on consolidation (Note (a))	126,406	122,907	–	–
Brand names (Note (a))	32,394	32,394	–	–
Computer software, including licences (Note (b))	174	33	165	20
Computer software in progress (Note (c))	46	184	46	184
	159,020	155,518	211	204

(a) Goodwill arising from consolidation and brand names

Group	**Goodwill**	**Brand names**	**Total**
	$'000	$'000	$'000
As at 1 January 2023			
Cost			
Beginning of financial period	212,363	32,394	244,757
Addition	3,499	–	3,499
	215,862	32,394	248,256
Accumulated impairment losses			
Beginning and end of financial period	89,456	–	89,456
Net carrying amount			
As at 30 June 2023	126,406	32,394	158,800
As at 1 January 2022			
Cost			
Beginning of financial year	205,940	32,394	238,334
Addition	6,423	–	6,423
	212,363	32,394	244,757
Accumulated impairment losses			
Beginning and end of financial year	89,456	–	89,456
Net carrying amount			
As at 31 December 2022	122,907	32,394	155,301

13. Intangible assets (continued)

(a) Goodwill arising from consolidation and brand names (continued)

Impairment test for 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 service groups ("cash generating units" or "CGUs").

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	**Accumulated impairment losses**	**Brand names**	**Net carrying amount**
30 June 2023	$'000	$'000	$'000	$'000
Service groups				
Family medicine	76,998	(4,500)	8,000	80,498
Dentistry	7,191	(7,191)	–	–
Paediatrics	60,761	(46,911)	9,656	23,506
Orthopaedics	35,196	(18,293)	9,657	26,560
Wellness and aesthetic	4,657	(4,657)	–	–
Obstetrics and gynaecology	3,792	(1,904)	–	1,888
Nobel specialist	27,267	(6,000)	5,081	26,348
	215,862	(89,456)	32,394	158,800

	Goodwill			
	Cost	**Accumulated impairment losses**	**Brand names**	**Net carrying amount**
31 December 2022	$'000	$'000	$'000	$'000
Service groups				
Family medicine	73,499	(4,500)	8,000	76,999
Dentistry	7,191	(7,191)	–	–
Paediatrics	60,761	(46,911)	9,656	23,506
Orthopaedics	35,196	(18,293)	9,657	26,560
Wellness and aesthetic	4,657	(4,657)	–	–
Obstetrics and gynaecology	3,792	(1,904)	–	1,888
Nobel specialist	27,267	(6,000)	5,081	26,348
	212,363	(89,456)	32,394	155,301

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.

13. Intangible assets (continued)

(a) Goodwill arising from consolidation and brand names (continued)

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

- The compound annual revenue growth rate for each CGU included in the cash flow projections ranged between 2.0% to 4.5% (31 December 2022: 2.0% to 4.5%) per annum for years 2023 to 2027.
- The pre-tax discount rate for each CGU included in the cash flow projections was approximately 9.6% to 9.8% (31 December 2022: 9.6% to 9.8%).
- The anticipated terminal growth rate for each CGU was approximately 1.7% (31 December 2022: 1.7%).

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 was recorded on the goodwill and brand names with indefinite useful life for the financial period ended 30 June 2023 (31 December 2022: $Nil).

With regard to the assessment of value-in-use, management believes that no reasonably possible changes in any of the above key assumptions used would cause the carrying value of the CGU to materially exceed its recoverable amount.

Sensitivity analysis

An unfavourable change by 10% (31 December 2022: 10%) of any of the individual key assumptions used in management's estimates would not have resulted in an impairment to goodwill and brand names being required as at balance sheet date.

13. Intangible assets (continued)

(b) Computer software, including licences

	Group		Company	
	30.06.2023	**31.12.2022**	**30.06.2023**	**31.12.2022**
	$'000	$'000	$'000	$'000
Cost				
Beginning of financial period/year	2,423	2,409	2,215	2,201
Reclassification	167	14	167	14
End of financial period/year	2,590	2,423	2,382	2,215
Accumulated amortisation				
Beginning of financial period/year	2,390	1,791	2,195	1,608
Amortisation for the period/year	26	599	22	587
End of financial period/year	2,416	2,390	2,217	2,195
Net carrying amount				
End of financial period/year	174	33	165	20

(c) Computer software in progress

	Group		Company	
	30.06.2023	**31.12.2022**	**30.06.2023**	**31.12.2022**
	$'000	$'000	$'000	$'000
Cost				
Beginning of financial period/year	184	–	184	–
Addition	29	198	29	198
Reclassification	(167)	(14)	(167)	(14)
End of financial period/year	46	184	46	184
Accumulated amortisation				
Beginning and end of financial period/year	–	–	–	–
Net carrying amount				
End of financial period/year	46	184	46	184

14. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with an aggregate cost of $12,621,000 (30 June 2022: $9,149,000), of which $10,686,000 (30 June 2022: $7,725,000) relates to right-of-use assets. Cash payments of $2,350,000 (30 June 2022: $1,291,000) were made to purchase property, plant and equipment.

15. Borrowings

Group	Effective interest rate	Maturity	30.06.2023	31.12.2022
			$'000	$'000
Current				
Other secured borrowings	4.73%-4.75%	2023	141	401
Non-current				
Other secured borrowings	4.73%-4.75%	2024	12	112
Total borrowings			153	513

Other secured borrowings are effectively secured over property, plant and equipment (Note 14), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of these secured borrowings.

The exposure of other secured borrowings of the Group to interest rate changes at the balance sheet dates is as follows:

	Group	
	30.06.2023	**31.12.2022**
	$'000	$'000
Minimum lease payments due		
- Not later than one year (undiscounted)	145	411
- Between one and five years (undiscounted)	12	114
	157	525
Less: Future finance charges	(4)	(12)
Present value of other secured borrowings	153	513

16. Share capital

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.

16. Share capital (continued)

	Group and Company			
	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	'000	$'000	$'000
Beginning of financial period	4,535,571	–	277,630	–
At 30 June 2023	4,535,571	–	277,630	–
Beginning of financial year	4,528,792	(1,336)	277,433	(33)
Treasury shares reissued	–	1,336	–	33
Ordinary shares issued	6,779	–	197	–
At 31 December 2022	4,535,571	–	277,630	–

17. Other reserves

Composition:

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	$'000	$'000	$'000	$'000
Share-based compensation reserve	–	–	–	–
Currency translation reserve	(2)	(2)	–	–
Capital reserve	(4,056)	(4,056)	67	67
	(4,058)	(4,058)	67	67

Movement:

	Group		Company	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
	$'000	$'000	$'000	$'000
Share-based compensation reserve:				
Beginning of financial period/year	–	235	–	235
Treasury shares reissued	–	(38)	–	(38)
New shares issued	–	(197)	–	(197)
	–	–	–	–

17. Other reserves (continued)

Share-based compensation reserve represents the equity-settled performance share awards granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period.

Movement:

	Group		Company	
	30.06.2023	**31.12.2022**	**30.06.2023**	**31.12.2022**
	$'000	$'000	$'000	$'000
Currency translation reserve:				
Beginning of financial period/year	(2)	–	–	–
Foreign currency translation differences	*	(2)	–	–
	(2)	(2)	–	–

* Denotes less than $500

Currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose foreign currencies are different from that of the Group's presentation currency.

		Group		Company	
		30.06.2023	**31.12.2022**	**30.06.2023**	**31.12.2022**
		$'000	$'000	$'000	$'000
Capital reserve:					
Beginning of financial period/year		(4,056)	(3,153)	67	62
Treasury shares reissued	(a)	–	5	–	5
Put options granted to non-controlling interests	(b),(c)	–	(908)	–	–
		(4,056)	(4,056)	67	67
Treasury shares reissued	(a)	67	67	67	67
Put options granted to non-controlling interests	(b),(c)	(4,123)	(4,123)	–	–
		(4,056)	(4,056)	67	67

(a) Represents the realised gain or loss on sale or reissue of treasury shares, net of any directly attributable incremental transaction costs and related income tax.

(b) As part of the dilution of interests in a subsidiary during the financial year ended 31 December 2022, the Group granted a put option to the non-controlling interest ("NCI") to require the Group to purchase the shares held by the NCI in a subsidiary. The Group has accounted for the put option as a financial liability (Note 11) at the present value of the option exercise price, with a corresponding debit to equity attributable to the owners of the Company.

(c) As part of the acquisition of subsidiaries during the financial year ended 31 December 2021, the Group granted a put option to the non-controlling interest ("NCI") to require the Group to purchase the shares held by the NCI in a subsidiary. The Group has accounted for the put option as a financial liability (Note 11) at the present value of the option exercise price, with a corresponding debit to equity attributable to the owners of the Company.

18. Business combinations

(a) Incorporation of a subsidiary

On 16 February 2023, the Group through its wholly-owned subsidiary, Healthway Medical Group Pte Ltd ("HMG"), incorporated HSC Health Pte. Ltd. ("HSC"), a wholly-owned subsidiary.

The issued and paid-up capital of HSC is $100,000, comprising 100,000 ordinary shares, funded through the Group's internal resources. The principal activity of HSC is the provision of specialised medical services including day surgical centre.

(b) Acquisition of businesses

On 1 January 2023, the Group through its wholly-owned subsidiary, HMG, acquired one General Practitioner ("GP") clinics ("Clinic A") in Singapore for a total consideration of approximately $2,674,000, including a contingent consideration of approximately $1,337,000.

During the financial period ended 30 June 2023, the Group through its wholly-owned subsidiary, HMG, acquired another three GP clinics in Singapore for a total consideration of approximately $825,000, including a contingent consideration of approximately $125,000.

Please refer to Note (i) and (iii) below for the disclosures pursuant to Rule 706A of the Catalist Rules.

The following is a summary of the details relating to the acquisitions:

Group		**30.06.2023**
		$'000
(i)	Purchase consideration	
	Cash paid and consideration transferred for the businesses	2,037
	Contingent consideration (Note (v) below)	1,462
		3,499
(ii)	Effect on cash flows of the Group	
	Cash paid (as above)	2,037
	Less: cash and cash equivalents acquired	–
	Cash outflow on acquisitions	2,037

(iii) Goodwill

The total consideration is negotiated on a willing buyer willing seller basis, taking into account the existing clientele and growth prospects presented by the respective businesses. There were no significant tangible assets being transferred to the Group.

A goodwill amounting to $3,499,000 is recognised on the acquisition date and is measured as the excess of the purchase consideration of $3,499,000 over the net amounts of the identifiable assets acquired and liabilities assumed in these acquisitions. The goodwill of $3,499,000 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 clinics.

18. Business combinations (continued)

(b) Acquisition of businesses (continued)

(iv) Acquisition-related costs

Acquisition-related costs of $30,000 were expensed and are included in other expenses.

(v) Contingent consideration

The contingent consideration was calculated using the income approach based on forecasted financials of the clinics and shall be payable to the former owner of the clinics over the next 4 years.

During the financial period ended 30 June 2023, the Group paid out $235,000 relating to contingent consideration from acquisition of business during the financial year ended 31 December 2020.

(vi) Acquired receivables

There is no acquired receivables arising from the acquisition.

(vii) Revenue contribution

During the financial period ended 30 June 2023, Clinic A and the other 3 GP clinics contributed revenue of $550,000 and $558,000 to the Group respectively. If the business combination had taken place at the beginning of the financial period ended 30 June 2023, the revenue contribution to the Group for Clinic A and the other 3 GP clinics would have been $550,000 and $799,000 respectively.

19. Commitments

Capital commitments

Capital expenditure contracted for as at the end of the financial period/year but not recognised in the financial statements are as follows:

	Group	
	30.06.2023	**31.12.2022**
	$'000	$'000
Acquisition of property, plant and equipment	4,632	731

20. Subsequent events

Acquisition of subsidiaries and business

The Group through its wholly-owned subsidiaries, acquired the following subsidiaries and business:

(a) a 60% stake in Urohealth Pte. Ltd., a provider of specialist urology services clinics in Singapore from unrelated third parties. Urohealth offers urology care in Singapore, including medical and surgical treatment for urological conditions;

(b) an initial 49% stake in Lily Aw Medical Services Pte. Ltd., a general medical practice in Singapore from unrelated third parties, with a right to acquire the balance 51% stake subject to achievement of certain agreed milestones; and

(c) an acquisition of the business of Friendship Clinic & Surgery Pte. Ltd., a general medical practice in Singapore from unrelated third parties. There were no significant tangible assets being transferred to the Group for the acquisition of this business.

The total consideration for the acquisitions is approximately $10,600,000, including a contingent consideration of approximately $3,800,000. Please refer to the announcement dated 31 July 2023 for further details of the three acquisitions.

Other Information Required by Appendix 7C of the Catalist Rules

1. A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company did not have any change in treasury shares during and as at the end of the current financial period reported on.

During the previous financial year, the Company transferred 1,336,000 treasury shares and issued 6,779,000 new shares to employees on vesting of share awards granted pursuant to the Healthway Medical Performance Share Plan during 2022. Save as disclosed, there are no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

2. A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

The figures for the interim financial period ended 30 June 2023 have been reviewed by the Company's independent auditors Ernst & Young LLP. The audited figures for the financial year ended 31 December 2022 did not have any modifications or emphasis of matter.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest financial statements for the financial year ended 31 December 2022 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures for the interim financial period ended 30 June 2023 have been reviewed by the Company's independent auditors Ernst & Young LLP, in accordance with Singapore Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

5. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the followings:-

a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Review of performance of the Group

Condensed interim consolidated statements of comprehensive income

The Group posted stronger revenue of $80.9 million in 1H-FY2023, representing a growth of 1.2% against the $80.0 million achieved in 1H-FY2022. The revenue growth was contributed by increase in revenue of $10.1 million from the Specialist Healthcare Segment, offset by the decrease in revenue of $9.2 million from the Primary Healthcare Segment mainly due to reasons as mentioned below.

As Singapore eases pandemic measures and enters an endemic COVID-19 new norm, there was no revenue contribution from COVID-19 Polymerase Chain Reaction (PCR) and serology testing projects during 1H-FY2023 for the Primary Healthcare Segment. Coupled with this change in revenue mix, the Primary Healthcare Segment witnessed an increase in patient volume comprising organic growth and from the acquisition of GP clinics as compared to 1H-FY2022.

For the Specialist Healthcare Segment, the growth in revenue compared to 1H-FY2022 is mainly due to increase in patient volume from organic growth, revenue contributed by new clinics set up in FY2022, as well as those from the subsidiaries acquired in 2H-FY2022.

Other income increased by $0.4 million mainly due to fair value gain from derivative assets and higher interest income due to increased interest rates.

The increase in operating costs of $5.6 million was mainly due to: -

a) staff cost of $4.1 million due to increase in manpower and remuneration for the staff due to change in revenue mix compared to 1H-FY2022;

b) depreciation of property, plant and equipment of $2.1 million due to additions of property, plant and equipment amounting to $12.6 million mainly arising from lease renewal and new leases;

c) other expenses of $0.3 million which included expenses such as advertising fees and upkeep of equipment and aligned to the increase in revenue; partially offset by

d) marginal decrease in medical supplies, consumables and laboratory expenses by $0.7 million due to change in revenue mix compared to 1H-FY2022.

Finance expenses recorded an increase of $0.2 million mainly due to lease renewal and new leases compared to 1H FY2022.

Income tax expenses decreased by $0.8 million for 1H-FY2023 mainly due to a lower taxable profit during the financial period.

As a result of the above, the Group's net profit after income tax for 1H-FY2023 was $3.9 million as compared to a net profit after income tax of $7.5 million in 1H-FY2022, representing a decrease of 48.0%. The profit attributable to shareholders of the Company was $3.7 million, after allocating profit attributable to non-controlling interests of $0.1 million.

Condensed interim statements of financial position

Current assets amounted to $66.0 million as at 30 June 2023, $2.6 million lower than $68.6 million as at 31 December 2022. The decrease was mainly due to: -

a) cash balances by $4.0 million mainly due to net cash flow used in investing activities for purchase of property, plant and equipment and acquisition of clinics; partially offset by

b) increase in inventories by $0.7 million due to change in revenue mix; and

c) increase in trade receivables by $0.7 million which is in line with increase in revenue.

Non-current assets increased by $8.2 million from $192.7 million as at 31 December 2022 to $200.9 million as at 30 June 2023, mainly due to: -

a) property, plant and equipment by $4.9 million upon signing newly contracted leases, offset by depreciation charged;

b) intangible assets by $3.5 million mainly due to goodwill arising from acquisition of GP clinics in 1H-FY2023; partially offset by

c) decrease in deposits upon reclassification of deposits from non-current to current in view of their maturity dates; and

d) decrease in investment in an associate due to net share of loss attributable to the Company.

Current liabilities amounted to $35.7 million as at 30 June 2023, a decrease of $3.7 million from $39.4 million as at 31 December 2022. The decrease was mainly due to: -

a) trade payables and other payables by $3.2 million due to payments made in line with collection of receivables;

b) tax liabilities of $1.2 million for 1H-FY2023 mainly due to tax payments for FY2022;

c) principal repayment of secured borrowings of $0.3 million; partially offset by

d) increase in lease liabilities of $1.0 million arising from lease renewal and new leases during the period.

Non-current liabilities increased by $5.4 million mainly due to: -

a) other payables by $0.9 million mainly arising from contingent consideration arising from the acquisition of clinics;

b) lease liabilities of $4.3 million arising from lease renewal and new leases during 1H-FY2023;

c) provision on restoration costs of $0.3 million for newly contracted leases; partially offset by

d) decrease in borrowings by $0.1 million due to reclassification from non-current borrowing to current borrowing in view of their maturity dates.

The Group had a positive working capital of $30.3 million as at 30 June 2023, an increase of $1.1 million as compared to $29.2 million as at 31 December 2022.

Condensed interim consolidated statement of cash flows

Net cash flows generated from operating activities for 1H-FY2023 amounted to $6.4 million as a result of operating cash inflow before changes in working capital of $11.9 million, adjusted for net working capital outflow of $4.0 million and income tax payment of $1.5 million.

Cash flow used in investing activities for 1H-FY2023 was $4.2 million, mainly due to purchase of property, plant, and equipment, intangible assets and payment for acquisition of businesses during the period.

Cash flow used in financing activities for 1H-FY2023 was $6.2 million, mainly due to repayment of secured borrowings, payment of lease liabilities and accretion of interest expenses, offset by receipt of loans from the subsidiaries' non-controlling interests.

As at 30 June 2023, the Group's financial position remained healthy with $34.4 million of cash and cash equivalent net of fixed deposits pledged of $0.8 million.

6. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders for the current reporting period.

7. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

Since its unveiling in March 2022, Healthier SG - the national initiative by the Ministry of Health focusing on preventive health - has gained significant ground. Within a few days from official opening for registration on 5 July 2023, about 67,000 people had signed up for this nationwide initiative. As at 1 July 2023, more than 900 GP clinics have registered to be participating clinics.

Healthway Medical Group is an active participant of Healthier SG, with 55 clinics in our network already enrolled into Healthier SG. This is in line with our steadfast commitment to empower individuals to take charge of their health through preventive care, by enrolling with a family doctor to support them in their healthcare needs throughout their lives.

Apart from diligently encouraging both our patients and clinics to embark on the Healthier SG journey, the Group has continued to grow our primary care clinic network. In the 1H-FY2023, we set up a total of three greenfield clinics and acquired four clinics. Our aims are to give our patients greater access to high-quality preventive, interventive, treatment and other healthcare services to empower them to lead healthier, happier lives.

Since the lifting of all border restrictions in February 2023, Singapore has continued to experience an influx of foreign patients seeking medical treatment. The Group has been well-prepared to cater to this surging demand as bolstering our Specialist Healthcare Segment has been a priority over the past few years. A prime example of our commitment in this area is the recent acquisition of UROHEALTH Pte Ltd, one of the largest private urology practices in Singapore with a team of five experienced and skilled doctors serving patients. Covering conditions concerning the prostate, kidneys, bladder and urinary tract, UROHEALTH delivers integrated, quality urologic patient care in a trusted and safe environment at three clinic locations. We will continue to forge ahead with the strategy to expand our repertoire of specialist clinics across various disciplines.

To maximise the opportunities lying ahead and assist with the acceleration of Singapore's Healthier SG goals, the Group will remain nimble, prudent and alert across our operations while incessantly striving to unlock new value for our shareholders.

On 3 July 2023, the Company and OUEH Investments Pte. Ltd. (the "**Offeror**") jointly announced (the "**Joint Announcement**") that the Offeror had presented the formal delisting proposal ("**Delisting Proposal**") to the Company to seek the voluntary delisting of the Company from the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") pursuant to Rules 1307 and 1308 of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). Under the terms of the Delisting Proposal, Oversea-Chinese Banking Corporation Limited, for and on behalf of the Offeror, will make a cash exit offer to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (collectively, the "**Offeror Concert Party Group**") as at the date of the exit offer (the "**Exit Offer**"). A copy of the Joint Announcement is available on the website of the SGX-ST.

A circular in connection with the Delisting Proposal and Exit Offer will be issued by the Company containing the advice of the independent financial advisor to the Independent Board Committee and the recommendations of the Independent Board Committee on the related resolutions.

Pursuant to Rule 25 of the Singapore Code on Take-overs and Mergers (the "Code"), please find the following documents as part of this announcement on the website of the SGX-ST:

- Independent Financial Adviser Opinion Letter, and
- Report on Review of Interim Condensed Financial Statement as at and for the six-month period ended 30 June 2023

8. Dividend information

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividends have been declared or recommended for the current reporting period.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Book closure date

Not applicable.

9. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividends have been declared or recommended for the current financial period as the Company intends to conserve cash for future business expansion opportunities.

10. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from its shareholders for Interested Person Transactions ("IPT").

The details of interested person transactions during 1H-FY2023 entered into by the Group are set out below.

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period 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 the financial period under review which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Leasing IPT			
DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust **("OUE C-REIT") ("DBS Trustee")**[1]	Associates of - Lippo Limited, - Lippo Capital Limited, - Lippo Capital Holdings Company Limited, - Lippo Capital Group Limited and - Dr Stephen Riady (together, the "Relevant Persons") [2]	S$2,369,408	–
TOTAL		**S$2,369,408**	–

Notes:-

1 The Company had on 14 June 2023 accepted letter of offer issued by DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust **("OUE C-REIT")**) **("DBS Trustee")** to lease units located at OUE Downtown Gallery ("**Premises**"). OUE C-REIT is considered an associate of HMC's controlling shareholders.

2 Please refer to the announcement dated 31 July 2023 for further details.

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

The net proceeds from the issuance of T2 CN B, which was completed on 21 April 2017, was approximately S$59.8 million (after deducting estimated expenses of S$0.2 million) ("**T2 Net Proceeds**"). On 29 December 2017, the Company announced certain reallocation of the T2 Net Proceeds. Subsequent thereto, the Company had on 8 August 2018 regrouped the initial intended use of proceeds ("**Regrouping**") and reallocate the balance unutilised proceeds ("**Further Re-Allocation**"). On 2 July 2019, the Company has extended the intended use of proceeds to include the acquisition of other business supplementary or complementary to the existing business of the Group ("**Change in Use**"). As at 14 August 2023, the T2 Net proceeds have been utilised as follows:

Intended purposes after Regrouping and Change in Use	Amount allocated after Regrouping and Further Re-allocation (S$ million)	Amount utilised as at 14 August 2023 (S$ million)	Amount unutilised as at 14 August 2023 (S$ million)
Working capital	39.80	35.86[(1)]	3.94
Acquisition and investment in GP and Specialist clinics and any other business supplementary or complementary to the existing business of the Group	20.00	20.00	–
	59.80	**55.86**	**3.94**

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

The utilisation was in accordance with the intended purposes stated following the Change in Use as stated in the Company's announcement dated 2 July 2019.

12. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Catalist Rules

Please refer to Note 18 of the notes to the condensed interim financial statement.

13. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

Chew Pei Tsing
Company Secretary

14 August 2023

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Foo Jien Jieng, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg

Negative confirmation pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chen Yeow Sin
Director

Anand Kumar
Director