

HEALTHWAY MEDICAL CORPORATION LIMITED
(Company Registration No.: 200708625C)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES

The Board of Directors (“**Board**”) of Healthway Medical Corporation Limited (the “**Company**”) wishes to announce the following response to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 24 June 2020 in relation to the Corrigendum to the Company’s Annual Report 2019 (“**AR 2019**”) dated 22 June 2020 on the additional information disclosed in relation to Mr. Sin Boon Ann (“**Mr Sin**”) and Ms. Poh Mui Hoon’s (“**Ms Poh**”) relationship with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries (“**Additional Information**”).

SGX-ST Query 1: Please let us have the Nominating Committee’s (“NC”) assessment and basis on Mr Sin’s and Ms Poh’s independence given their proposed roles in the Board.

Company’s Response:

The NC noted that Mr Sin has a relationship with the Company’s substantial shareholder in the form of a business venture in Esseplere Pte. Ltd (“**Esseplere**”). The NC has considered the facts carefully and has assessed Mr Sin to be suitable to be an independent director of the Company based on the following factors and information made available to them:

- i. Mr Sin’s professional qualifications as a senior corporate lawyer and the fact that his principal commitment continues to be his role as a Consultant at Drew & Napier LLC;
- ii. Mr Sin’s vast experience as an independent director of several other listed entities in Singapore;
- iii. Mr Sin’s professionalism and conduct, through robust enquiries and sharing of views, on the Board since his appointment as a director in April 2019;
- iv. In context of Mr Sin’s relationship with Lippo China Resources Limited (“**LCR**”) and based on Mr Sin’s representations, the NC noted that:
 - LCR is a company listed on the Stock Exchange of Hong Kong Limited, and is managed by a board of directors which also includes independent directors;
 - LCR, through its wholly owned subsidiary, Powerful Arch Limited (“**PAL**”), has made a passive venture capital investment into Esseplere, a start-up company in Singapore where Mr Sin is a shareholder, Executive Chairman and Founder. Based on public records, LCR invests in companies from diverse businesses in its ordinary course of business;
 - LCR through PAL is a minority shareholder of Esseplere. Neither PAL nor LCR has board or management representation in Esseplere and is not involved in any day-to-day activities of Esseplere;
 - LCR’s investment into Esseplere did not include any special rights other than the shareholder rights customary of a minority shareholder in a start-up company in Singapore with no controlling rights;
- v. Mr Sin has represented that he is not involved in the day- to-day activities of Esseplere and his role in Esseplere does not take up a significant part of his time in the context of all his other appointments and commitments;
- vi. the existing relationship between Mr Sin and LCR does not fall within the circumstances set out in Rule 406(3)(d) of the Listing Manual Section B: Rules of Catalyst; and

- vii. Mr Sin has confirmed that he is not accustomed or under any obligation formally or informally to act in accordance with the directions of LCR and/or PAL and therefore is not directly associated with LCR as described in Practice Guidance 2 to the Code of Corporate Governance 2018;

The NC noted that Ms Poh has a relationship with the Company's substantial shareholder in the form of a business venture in Esseplere. The NC has considered the facts carefully and has assessed Ms Poh to be suitable to be an independent director of the Company based on the following factors and information made available to them:

- a. Ms Poh's experience as an independent director in other companies;
- b. Ms Poh's appointment as a Board/Council Member of the Singapore Institute of Directors;
- c. Ms Poh's professional qualifications and extensive experience in digitalisation of healthcare businesses and involvement in technologies, cybersecurity and disruptive business models;
- d. Ms Poh's ownership of two other companies, Plum One Ventures Pte Ltd and Transform X;
- e. In context of Ms Poh's relationship with LCR and based on Ms Poh's representations, the NC noted:
 - paragraphs (iv) as set out above with respect to PAL and LCR and that Ms Poh is the shareholder, CEO and co-founder of Esseplere;
 - PAL and LCR are not involved in the determination of Ms Poh's remuneration for her executive function at Esseplere;
- f. the existing relationship between Ms Poh and LCR does not fall within the circumstances set out in Rule 406(3)(d) of the Listing Manual Section B: Rules of Catalyst; and
- g. Ms Poh has confirmed that she is not accustomed or under any obligation formally or informally to act in accordance with the directions of LCR and/or PAL and therefore is not directly associated with LCR as described in Practice Guidance 2 to the Code of Corporate Governance 2018.

Taking into account all of the above factors and the fact that both Mr Sin and Ms Poh have significant appointments and commitments other than their roles in Esseplere, the NC considered Mr Sin and Ms Poh to be suitable to be independent directors of the Company.

The NC highlights that the Additional Information was disclosed to the NC and the Board earlier in February 2020 and was taken into consideration in the NC's assessment of Mr Sin's proposed re-election and Ms Poh's proposed appointment. Mr Sin has abstained from all matters in the NC and the Board's deliberation, recommendation and/or decision in relation to Mr Sin's proposed re-election and Ms Poh's proposed appointment. Mr Sin had discovered the omission (which was due to an inadvertent oversight) of the Additional Information in the AR 2019 during his review of the same in preparation for the Company's upcoming annual general meeting and informed the Company to take the necessary steps to issue the Corrigendum. On further review, Ms Poh had informed the Company that the Additional Information in relation to her was also omitted and took the opportunity to refine her designation in Esseplere.

SGX-ST Query 2: Please let us have the Sponsor's assessment and basis of the same.

Sponsor's Response:

Based on the Sponsor's independent enquiries and assessment, and having noted the NC's points of consideration as set out above in paragraphs (i) to (vii) above in respect of Mr Sin's proposed re-election and paragraphs (a) to (g) above in respect of Ms Poh's proposed appointment, there is no reason to believe that the Mr Sin and Ms Poh will not be able to carry out their duties as independent directors of the Company.

BY ORDER OF THE BOARD

Raymond Lam Kuo Wei
Company Secretary

29 June 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. 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 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).