

HEALTHWAY MEDICAL CORPORATION LIMITED

(Co. Regn. No: 200708625C)



Empowering Healthier Lives

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDENDS ANNOUNCEMENT
FOR THE THREE-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 ("2019 Q3")**
**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR
ANNOUNCEMENTS**

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended			9 months ended		
	30.09.19 S\$'000	30.09.18 S\$'000	Change %	30.09.19 S\$'000	30.09.18 S\$'000	Change %
Revenue	29,252	27,463	6.5	84,585	84,767	(0.2)
Other income	431	400	7.8	1,498	1,687	(11.2)
Other gains	(14)	(41)	n.m.	(19)	(32)	n.m.
Expenses by nature						
- Medical supplies, consumables and laboratory expenses	(5,629)	(5,264)	6.9	(16,506)	(16,259)	1.5
- Staff costs	(18,972)	(18,583)	2.1	(55,804)	(56,037)	(0.4)
- Depreciation and amortisation of property, plant and equipment	(2,774)	(450)	n.m.	(8,256)	(1,372)	n.m.
- Amortisation of intangible assets	-	-	-	-	(1)	n.m.
- Rental expenses	(79)	(2,674)	(97.0)	(146)	(8,005)	(98.2)
- Allowance for doubtful trade and other receivables	(268)	(290)	(7.6)	(677)	(389)	74.0
Finance costs	(271)	(12)	n.m.	(758)	(51)	n.m.
Other operating expenses	(2,101)	(2,217)	(5.2)	(6,075)	(5,861)	3.7
Share of loss of associates	(75)	-	n.m.	(75)	-	n.m.
Loss before income tax	(500)	(1,668)	(70.0)	(2,233)	(1,553)	n.m.
Income tax credit /(expense)	-	40	n.m.	(21)	119	n.m.
Loss for the year attributable to shareholders	(500)	(1,628)	n.m.	(2,254)	(1,434)	n.m.
Other comprehensive income, net of tax	9	26	(65.4)	12	17	(29.4)
Total comprehensive loss for the year	(491)	(1,602)	n.m.	(2,242)	(1,417)	n.m.

n.m. denotes not meaningful.

Explanatory notes to the income statement

Loss before income tax of the Group is arrived at after charging / (crediting):

	3 months ended			9 months ended		
	30.09.19 S\$'000	30.09.18 S\$'000	Change %	30.09.19 S\$'000	30.09.18 S\$'000	Change %
Interest income	(71)	(105)	(32.4)	(238)	(291)	(18.2)
Rental income	(179)	(135)	32.6	(465)	(391)	18.9
Interest expense	41	12	241.7	76	51	49.0
Lease interest expense	230	-	n.m.	682	-	n.m.
Allowance for doubtful trade and other receivables	268	290	n.m.	677	389	74.0
Bad debts recovered	-	(10)	n.m.	(42)	(10)	n.m.
(Gain)/Loss on disposal of property, plant and equipment	(6)	27	(122.2)	3	53	(94.3)
Unrealised currency translation loss - net	14	41	n.m.	19	32	n.m.
Property, plant and equipment written off	110	229	(52.0)	162	346	(53.2)

Statement of comprehensive income

	3 months ended			9 months ended		
	30.09.19 S\$'000	30.09.18 S\$'000	Change %	30.09.19 S\$'000	30.09.18 S\$'000	Change %
Loss for the year	(500)	(1,628)	n.m.	(2,254)	(1,434)	n.m.
Currency translation gain arising from consolidation - net	9	26	(65.4)	12	17	(29.4)
Total comprehensive loss for the year	(491)	(1,602)	n.m.	(2,242)	(1,417)	n.m.

n.m. denotes not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30.09.19	31.12.18	30.09.19	31.12.18
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets				
Cash and bank balances	23,442	33,381	22,673	31,010
Trade and other receivables	17,153	15,616	159	123
Inventories	3,377	2,926	-	-
	<u>43,972</u>	<u>51,923</u>	<u>22,832</u>	<u>31,133</u>
Non-current assets				
Other receivables	2,502	2,502	163	163
Investments in subsidiaries	-	-	214,087	208,233
Investment in an associate	2,040	-	2,040	-
Property, plant and equipment	27,710	7,320	1,057	654
Intangible assets	144,770	142,552	354	221
	<u>177,022</u>	<u>152,374</u>	<u>217,701</u>	<u>209,271</u>
Total assets	<u>220,994</u>	<u>204,297</u>	<u>240,533</u>	<u>240,404</u>
Equity				
Share capital	277,433	277,433	277,433	277,433
Treasury shares	(348)	-	(348)	-
Currency translation reserve	760	748	-	-
Accumulated losses	(100,197)	(97,622)	(40,991)	(41,112)
Total equity	<u>177,648</u>	<u>180,559</u>	<u>236,094</u>	<u>236,321</u>
Current liabilities				
Trade and other payables	19,293	21,042	3,780	4,025
Current income tax liabilities	30	84	-	-
Other liabilities	7,590	-	-	-
Borrowings	958	389	-	-
	<u>27,871</u>	<u>21,515</u>	<u>3,780</u>	<u>4,025</u>
Non-current liabilities				
Borrowings	2,543	77	-	-
Deferred income tax liabilities	1,178	1,178	-	-
Provisions	977	968	58	58
Other liabilities	10,637	-	601	-
Other payables	140	-	-	-
	<u>15,475</u>	<u>2,223</u>	<u>659</u>	<u>58</u>
Total liabilities	<u>43,346</u>	<u>23,738</u>	<u>4,439</u>	<u>4,083</u>
Total equity and liabilities	<u>220,994</u>	<u>204,297</u>	<u>240,533</u>	<u>240,404</u>

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	As at 30.09.19		As at 31.12.18	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year	-	-	86	-

The borrowings have been fully repaid in FY2019 Q2. The borrowings of the Group as at 31 December 2018 were secured by personal guarantee from certain employees of the Company.

The Group's borrowings presented above do not include lease borrowings. Lease borrowings classified under borrowings of the Group are repayable as follows:

	As at	As at
	30.09.19	31.12.18
	S\$'000	S\$'000
Amount repayable within one year	958	303
Amount repayable after one year	2,543	77

These lease borrowings of the Group are secured by the legal titles of leased property, plant and equipment and corporate guarantee from the Company.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended		9 months ended	
	30.09.19	30.09.18	30.09.19	30.09.18
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Loss before income tax	(500)	(1,668)	(2,233)	(1,553)
Adjustments for:				
Amortisation of intangible assets	-	-	-	1
Depreciation and amortisation of property, plant and equipment	2,774	450	8,256	1,372
Allowance for doubtful trade and other receivables	268	290	677	389
Property, plant and equipment written off	110	229	162	346
Loss on disposal of property, plant and equipment	(6)	27	3	53
Provision for onerous lease contracts	-	-	(109)	-
Loss on disposal of subsidiaries	-	68	-	68
Unrealised currency translation loss - net	14	41	19	32
Interest expense	271	12	758	51
Interest income	(71)	(105)	(238)	(291)
Share of loss of associates	75	-	75	-
	2,935	(656)	7,370	468
Changes in working capital:				
Inventories	(158)	218	(451)	30
Trade and other receivables	(521)	1,107	(2,214)	(1,380)
Trade and other payables	(1,840)	(164)	(1,517)	(1,265)
Provisions	(11)	(11)	(52)	(11)
Cash generated from/(used in) operations	405	494	3,136	(2,158)
Income tax payment	-	-	(75)	(46)
Net cash generated from/(used in) operating activities	405	494	3,061	(2,204)
Cash flows from investing activities				
Additions to property, plant and equipment	(645)	(636)	(4,275)	(827)
Additions to intangible assets	(1)	(351)	(2,206)	(504)
Proceeds from disposal of property, plant and equipment	-	-	-	314
Settlement of obligations - Wei Yi	-	-	-	(272)
Investment in an associate	(2,115)	-	(2,115)	-
Net cash inflow on disposal of subsidiary	-	150	-	150
Interest received	71	105	238	291
Net cash used in investing activities	(2,690)	(732)	(8,358)	(848)
Cash flows from financing activities				
Purchase of treasury shares	(348)	-	(348)	-
Repayment of borrowings	-	(81)	(86)	(238)
Bank balances pledged	(51)	-	(51)	-
Proceed from/(Repayment of) lease borrowings - net	1,632	(103)	3,120	(467)
Payment of lease liabilities	(2,445)	-	(7,251)	-
Interest paid	(41)	(12)	(76)	(51)
Net cash used in financing activities	(1,253)	(196)	(4,692)	(756)
Net decrease in cash and cash equivalents	(3,538)	(434)	(9,989)	(3,808)
Cash and cash equivalents				
Beginning of financial year	26,322	34,649	32,773	38,023
Effect of exchange rate fluctuations on cash held	-	-	-	-
End of financial year	22,784	34,215	22,784	34,215

Cash and cash equivalents comprised:

	As at 30.09.19 S\$'000	As at 30.09.18 S\$'000
Cash and bank balances	23,442	34,822
Fixed deposits pledged as collaterals	(658)	(607)
	<u>22,784</u>	<u>34,215</u>
Bank overdraft	-	-
	<u><u>22,784</u></u>	<u><u>34,215</u></u>

For the three month period ended 30 September 2019, the Group acquired property, plant and equipment with an aggregate cost of S\$645,000 (2018: S\$636,000), of which S\$457,000 (2018: S\$nil) was acquired under lease. S\$1,432,000 of property, plant and equipment that was acquired prior to 1 July 2019, was financed under lease arrangement that were entered into this quarter.

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Ordinary shares S\$'000	Treasury shares S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Group - Current period					
At 30 June 2019	277,433	-	751	(99,697)	178,487
Loss for the period	-	-	-	(500)	(500)
Foreign exchange differences	-	-	9	-	9
Total comprehensive loss for the period	-	-	9	(500)	(491)
Purchase of treasury shares	-	(348)	-	-	(348)
Total contributions by and distributions to owners	-	(348)	-	-	(348)
At 30 September 2019	277,433	(348)	760	(100,197)	177,648

Group - Previous period

At 30 June 2018	277,433	-	722	(91,618)	186,537
Loss for the period	-	-	-	(1,628)	(1,628)
Foreign currency translation difference	-	-	26	-	26
Total comprehensive income for the period	-	-	26	(1,628)	(1,602)
At 30 September 2018	277,433	-	748	(93,246)	184,935

	Ordinary shares S\$'000	Treasury shares S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Company - Current period					
At 30 June 2019	277,433	-	-	(41,013)	236,420
Profit for the period	-	-	-	22	22
Total comprehensive income for the period	-	-	-	22	22
Purchase of treasury shares	-	(348)	-	-	(348)
Total contributions by and distributions to owners	-	(348)	-	-	(348)
At 30 September 2019	277,433	(348)	-	(40,991)	236,094

Company - Previous period

At 30 June 2018	277,433	-	-	(41,403)	236,030
Loss for the period	-	-	-	(111)	(111)
Total comprehensive loss for the period	-	-	-	(111)	(111)
At 30 September 2018	277,433	-	-	(41,514)	235,919

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary shares

	As at 30 September 2019		As at 30 June 2019	
	As at Number of shares	As at Amount	As at Number of shares	As at Amount
Ordinary shares excluding treasury shares	4,514,725,400	277,084,681	4,528,792,100	277,433,014

Convertibles

The Company did not have any outstanding convertibles as at 30 September 2019 (30 September 2018: Nil).

Treasury shares

	Number of shares	Amount S\$
Ordinary shares excluding treasury shares as at 30 June 2019	-	-
Purchase of treasury shares	14,066,700	348,333
Balance as at 30 September 2019	14,066,700	348,333

As at 30 September 2019, the number of treasury shares represented 0.31% (30 September 2018: Nil) of the total number of issued shares.

Subsidiary Holdings

The Company did not have subsidiary holdings as at 30 September 2019 (30 September 2018: Nil)

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30.09.19	As at 31.12.18
Total number of issued shares excluding treasury shares	4,514,725,400	4,528,792,100

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

Not applicable. The company did not sale, transfer, cancelled and/or use any treasury shares as at the end of the current financial period reported on.

1(d)(v) 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.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Except for the adoption of the new financial reporting framework as discussed in the paragraph below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared to the Group's most recently audited financial statements for the year ended 31 December 2018.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases, which took effect on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The adoption of SFRS(I) 16 results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Exceptions to this standard are short-term and low-value leases. The accounting for lessors was not changed significantly.

In applying the modified retrospective approach, the cumulative effect of adopting SFRS(I) 16 is recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. Subsequent to initial recognition, the Group will depreciate the ROU assets over the lease term and recognise interest expenses on the lease liabilities. The Group applied the practical expedient to the definition of a lease on transition. SFRS(I) 16 will be applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The ROU assets as at 30 September 2019 amounting to S\$17.6 million were mainly related to leases of commercial and office premises occupied by the Group. Accordingly, there was a corresponding increase in lease liabilities of S\$18.2 million as at 30 September 2019.

6. 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.

	3 months ended		9 months ended	
	30.09.19	30.09.18	30.09.19	30.09.18
Basic and diluted loss per ordinary share (Singapore cents) ^(a)	(0.01) ^(b)	(0.04) ^(c)	(0.05) ^(b)	(0.03) ^(c)

(a) Basic and diluted loss per share of the Group for 3 months and 9 months ended 30 September 2019 are calculated based on the weighted average number of ordinary shares in issue of 4,525,263,529 and 4,527,602,985 subsequently (3 months and 9 months ended 30 September 2018: 4,528,792,100).

(b) The respective basic and diluted loss per share for the Group for the 3 months ended and 9 months ended 30 September 2019 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

(c) The respective basic and diluted loss per share for the Group for the 3 months and 9 months ended 30 September 2018 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

7. 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	
	As at 30.09.19	As at 31.12.18	As at 30.09.19	As at 31.12.18
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	3.93	3.99	5.23	5.22

The net asset value per ordinary share of the Group and the Company as at 30 September 2019 were calculated based on the total number of issued shares, excluding treasury shares, of 4,514,725,400 (31 December 2018: 4,528,792,100).

8. 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

The Group's turnover for the quarter ended 30 September 2019 ("FY2019 Q3") increased by S\$1.8 million or 6.5% mainly due to the increase in revenue of S\$1.4 million in Primary Healthcare segment and S\$0.4 million in Specialist Healthcare segment.

Other income in FY2019 Q3 remained consistent as FY2018 Q3 at S\$0.4 million.

Total operating costs for the Group increased by S\$0.3 million or 1.2% for FY2019 Q3, mainly attributable to increases in (a) medical supplies, consumables and laboratory expenses in tandem with the increase in revenue; (b) depreciation and amortisation expenses due to the adoption of SFRS(I) 16, and (c) staff costs, all of which have been offset by decrease in other operating expenses and rental expenses on operating leases due to the adoption of SFRS(I) 16.

Finance costs were higher by S\$0.3 million mainly due to lease interest expenses as a result of the adoption of SFRS(I) 16.

The Group's share of loss after tax of associates was S\$0.08 million for the quarter ended 30 September 2019 (30 September 2018 : Nil).

As a result of the above, the Group's loss before income tax and net loss attributable to shareholders for FY2019 Q3 were S\$0.5 million.

Financial position

Non-current assets were S\$24.6 million higher due to increase in property, plant and equipment of S\$20.4 million mainly due to initial recognition and addition of right-of-use assets of S\$17.6 million as a result of the adoption of SFRS(I) 16 net of depreciation and addition of S\$2.8 million in other property, plant and equipment net of depreciation in relation to the addition of new and renovated clinics. Investment in associate recorded S\$2.0 million as a result of the subscription of shares in Fully Holdings Pte Ltd. The increase in intangible assets of S\$2.2 million was mainly due to goodwill arising from the acquisition of two General Practice (GP) clinics amounted to S\$2.1 million and addition of other intangibles of S\$0.1 million during the FY2019 Q1.

Current assets were S\$7.9 million lower mainly due to decrease in cash and cash equivalents of S\$9.9 million and other current receivables of S\$0.5 million, offset by increase in inventories of S\$0.5 million mainly due to increase in procurement upon acquisition of GP clinics and an increase in trade receivables of S\$2.0 million mainly due to higher revenue in FY2018 Q4.

Non-current liabilities increase by S\$13.3 million mainly due to lease liabilities of S\$10.6 million arising from the adoption of SFRS(I) 16, increase in lease borrowings of S\$2.5 million, other payable and provisions of S\$0.2 million.

Current liabilities increase by S\$6.4 million mainly due to lease liabilities of S\$7.6 million arising from the adoption of SFRS(I) 16 and an increase in net lease borrowings of S\$0.6 million, offset by decrease in trade payables of S\$0.1 million and decrease in other payables and accruals for operating expenses totalling to S\$1.7 million.

The Group had positive working capital of S\$16.1 million as at 30 September 2019.

Cash flow statement

As at 30 September 2019, the Group had cash and cash equivalents amounting to S\$22.8 million, net of fixed deposits pledged of S\$0.7 million.

The cash movements during FY2019 Q3 can be summarised as follows:

Cash flow generated from operating activities for FY2019 Q3 amounted to S\$0.4 million as a result of operating cash flow before changes in working capital of S\$2.9 million, adjusted for net working capital outflow of S\$2.5 million. The net working capital outflow was mainly due to decrease in trade and other payables of S\$1.8 million mainly due to reduction in other payables, increase in inventories of S\$0.2 million and trade and other receivables of S\$0.5 million arising mainly from increase in business activities and higher revenue for 2019 Q3.

Cash flow used in investing activities for FY2019 Q3 was S\$2.6 million, mainly due to investment in associates of S\$2.0 million and purchase of property, plant and equipment of S\$0.6 million.

Cash flow used in financing activities for FY2019 Q3 was S\$1.25 million, mainly due to repayment of lease borrowings of S\$0.2 million, payment of lease liabilities of S\$2.5 million and purchase of treasury shares (share buyback) of S\$0.35 million. This was offset by proceed from lease borrowings of S\$1.8 million.

9. 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.

10. 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.

Moving into 2020, there is an increased focus on increasing healthcare capacity, improving the quality of healthcare, and ensuring the affordability of healthcare services. As of November 2019, the Community Health Assist Scheme (CHAS) has been expanded to make healthcare affordable for all Singaporeans. The new CHAS green tier covers chronic conditions for all Singaporeans, regardless of income. Subsidies for chronic conditions has increased overall for all CHAS tiers as well.

In addition, as Singapore's population continues to age, it is vital for healthcare services to be made accessible for the silver generation. The Merdeka Generation Package aims to achieve this by affording special subsidies for medical and dental care for Singaporeans aged 60 and above who are not currently covered under the Pioneer package.

As healthcare becomes more affordable to a wider range of Singaporeans, the volume of patients seeing GPs is set to increase. Additionally, GPs are also likely to see more patients with chronic conditions, and this growing demand is in line with the upgrading of our services to better serve our patients. Healthway Screening @ Downtown (HSDT) opened June 2019, and refurbishment works on our clinics that commenced in Q3 2018 are now completed, ensuring that we are better equipped to provide high quality healthcare services to a larger number of patients.

Community care is also becoming an increasingly important aspect of healthcare, and the centrepiece of healthcare is steadily moving away from acute hospitals and towards community hospitals, nursing homes, and other healthcare facilities such as GPs. The Healthcare 2020 Masterplan that was first announced in 2012 aimed to add more than 6,600 places in community care, home care, and palliative care¹ to address the growing demand for primary care services within our communities.

¹ New schemes, awards among plans to attract more to join healthcare sector (2016, April 14). Retrieved from: <https://www.gov.sg/news/content/today-online-new-schemes-awards-among-plans-to-attract-more-to-join-healthcare-sector>

While our reputation as one of Singapore's leading healthcare providers will give us a competitive edge over newer healthcare centres, innovation will be key to maintaining that edge over the upcoming influx of community healthcare centres. Thus, we will continue to dedicate the appropriate resources to provide top-of-the-line care for our patients.

11. If a decision regarding dividend has been made: -

(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.

12. 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 reported on due to losses incurred during FY2019 Q3.

13. 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 Company does not have a general mandate from its shareholders for Interested Person Transactions.

Pursuant to the Catalist Rules, there were no IPTs of S\$100,000 or more entered into by the Group during FY2019 Q3.

14. 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 12 November 2019, 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 12 November 2019 (S\$ million)	Amount unutilised as at 12 November 2019 (S\$ million)
Working capital	39.80	34.38 ⁽¹⁾	5.42
Acquisition and investment in GP and Specialist clinics and any other business supplementary or complementary to the existing business of the Group	20.00	4.10	15.90
	59.80	38.48	21.32

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.

15. Confirmation pursuant to Rule 705(5) of the SGX-ST Listing Manual

The Board of Directors (the "**Board**") has confirmed that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the quarter ended 30 September 2019 to be false or misleading in any material aspect.

16. Confirmation pursuant to Rule 720 (1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720 (1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

Raymond Lam
Company Secretary
12 November 2019

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).