Healthway Medical

ANNUAL REPORT 2019

EMPOWERING HEALTHIER LIVES

This annual report has been prepared by Healthway Medical Corporation Limited (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 annual report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail:sponsorship@ppcf.com.sg).

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CORPORATE **PROFILE**

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

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

We currently own, operate and manage ninety-one (91) clinics and medical centres. These facilities are in most parts of Singapore, including many major private hospitals.

We offer comprehensive medical services including GP & family medicine clinics, health screening, adult specialists, baby & child specialists, dental services and allied healthcare services.

PRIMARY HEALTHCARE DIVISION

Our Primary Healthcare Division is one of the largest private clinic networks in Singapore, comprising of Family Medicine and Dental services. We have sixty-two (62) General Practitioner ("**GP**") and Dental clinics across the island, that provide outpatient medical services to private patients as well as corporate clientele.

Family Medicine

We provide affordable, quality healthcare at fifty-three (53) General Practitioner clinics across the island, primarily under the Healthway Medical and Silver Cross Medical brand names.

In line with the Ministry of Health's ("**MOH**") primary focus to keep Singaporeans healthy, Healthway Medical clinics participate in government programmes and schemes such as Community Health Assist Scheme ("**CHAS**"), Medisave, MBS@Gov, Baby Bonus, Public Health Preparedness Clinic ("**PHPC**") and Primary Care Network ("**PCN**").

Our services include general medical consultations, preventive medicine management of chronic medical conditions, health screening packages, travel health services, pre-employment examinations and vaccination.

CORPORATE PROFILE

Health Screening

Healthway Screening @ Downtown and Healthway Screening @ Centrepoint provide a comprehensive range of health screening packages and wellness programmes tailored to the individual who prioritises quality and convenience.

Our medical professionals offer personalised recommendations and treatments for patients, helping them to uncover key insights about their current health status, and identify any future risks for early intervention.

Dental

Healthway Dental Group provides a wide range of general and specialist dental services throughout Singapore, through six (6) of our Healthway Dental clinics.

Our team of experienced and dedicated dental surgeons and dental specialists provides aesthetic, restorative, surgical and preventative dental services ranging from routine dental check-ups to specialised surgical solutions and paediatric dental care.

Japanese Medical

Healthway Japanese Medical consists of an experienced and dedicated team of Japanese personnel, providing a full range of services such as health screening, vaccinations, and GP services to the Japanese community in Singapore.

CORPORATE HEALTHCARE MANAGEMENT

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

SPECIALISTS DIVISION

Healthway Medical offers a range of comprehensive specialist disciplines through the Nobel, SBCC, and Island Orthopaedics brands.

Our panel of medical specialist consultants, with advanced education, clinical training and experience in a specific area of medicine, aim to

CORPORATE **PROFILE**

give our patients convenient access to specialised, comprehensive, holistic treatments and preventive healthcare.

We currently have thirty-two (32) specialists in nine (9) disciplines.

Baby & Child

Established in 1980, SBCC Baby & Child Clinic is a paediatric group that provides quality and comprehensive medical services for children in Singapore.

Our paediatric clinics are easily accessible, located in all major private hospitals and many housing estates.

Our paediatricians are trained in many sub-specialty areas in order to serve various baby and child medical needs our patients have, such as General Paediatrics, Cardiology, Child Development, Gastroenterology, Hepatology and Nutrition, Allergy, Immunology, Rheumatology, Asthma, Lung, Sleep and Allergy, Neurology and Neonatology.

Child Development

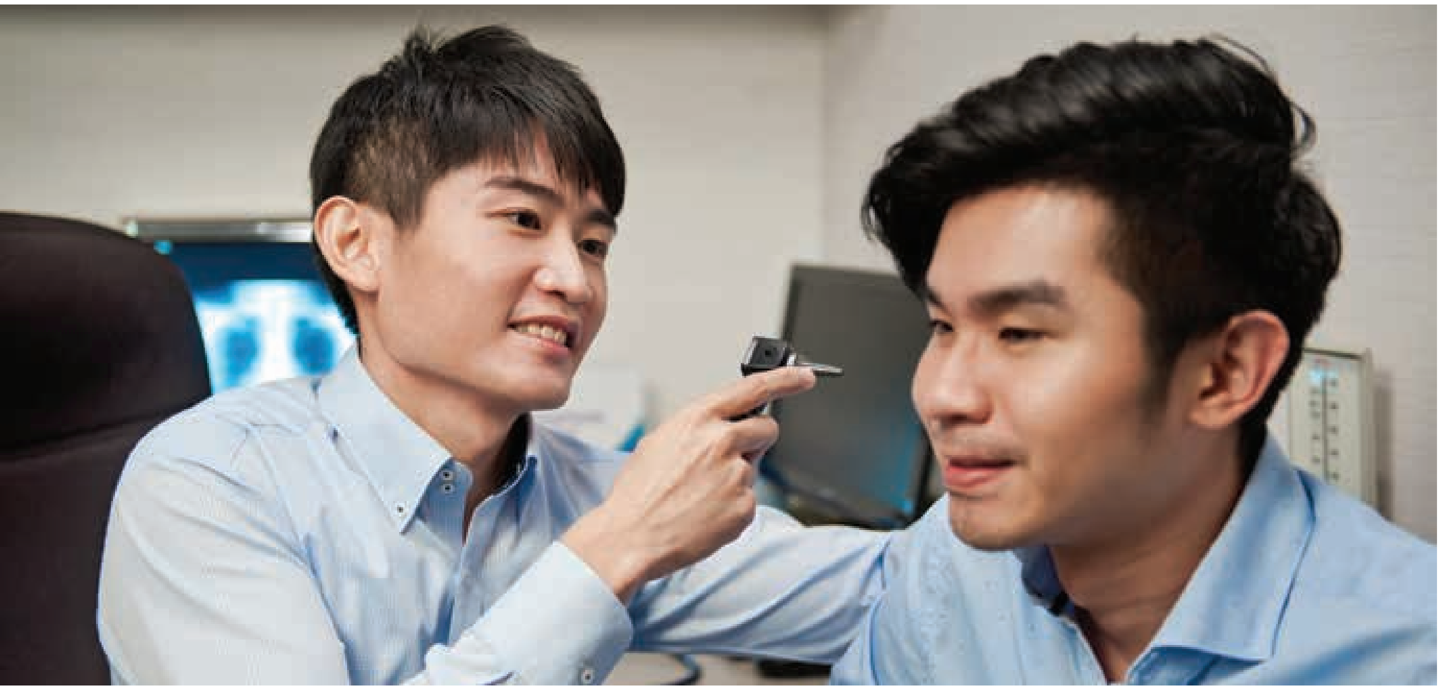
SBCC Child Development (formerly, Thomson Paediatric Centre – The Child Development Centre) was established in 2010 and provides a range of assessments and therapeutic interventions for infants, children and adolescents.

With a team of psychologists, occupational therapists, speech therapists, educational therapists, dietician and early intervention teachers, the team develops individualised strategies and therapies directed at addressing each child's individual needs.

Women's Health

SBCC Women's Clinic offers a comprehensive range of services. As an obstetrics and gynaecology medical provider, we are dedicated to bringing personalised medical care to meet the healthcare needs of women. Our team of specialist and nurses are qualified to treat women at every stage of life, from pre-puberty to post-menopause.

CORPORATE **PROFILE**



Orthopaedics

Island Orthopaedics is a healthcare chain under the Group's extended range of comprehensive adult specialist disciplines.

Led by a team of senior surgeons with combined expertise across a wide spectrum of orthopaedic and trauma conditions, we specialise in conditions that involve general orthopaedics, bone and soft tissue tumours, cartilage regeneration, foot and ankle, hip, knee, shoulder and elbow, spine, neck and back, sports medicine, joint replacement, standard and minimally invasive surgery.

Heart (Cardiology)

The Nobel Heart Centre provides a holistic suite of services in cardiovascular disease diagnosis, management, treatment and prevention.

The Centre has a fully equipped cardiovascular laboratory, and a team of highly trained staff who perform elective and emergency angiogram, angioplasty and stent implantation.

Ear, Nose & Throat (Otorhinolaryngology)

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

Eye & Vision (Ophthalmology)

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

Colorectal and General Surgery

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

CORPORATE **PROFILE**

Digestive Health (Gastroenterology and Hepatology)

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

Psychiatry

Our Psychiatrists at Nobel Psychological Wellness Centre treat a wide variety of psychiatric and psychological conditions such as depression, insomnia, obsessive-compulsive disorder ("**OCD**"), panic disorder, stress-related disorders, attention deficit hyperactivity disorder ("**ADHD**") and other conditions.

ALLIED HEALTH

Complementing our psychiatrists and specialists are our allied healthcare provider that offers assessments and therapeutic intervention through psychology for adults.

Psychology

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

CHAIRMAN'S **STATEMENT**

Charting the Company's positive steps towards profitability, HMC narrowed losses attributable to shareholders to S$2.9 million in FY2019, a reduction of 50% from S$5.8 million in FY2018.

CHAIRMAN'S **STATEMENT**

Dear Shareholders,

In 2019, Healthway Medical Corporation Limited ("**HMC**", "**the Company**" or together with its subsidiaries, "**the Group**") remained focused on strengthening its business operations, and made steady progress in fortifying its financial health. With the rebranding firmly in place, the Group continued its drive towards delivering greater quality, value and accessibility to its patients. Over the course of the year, the Company deepened and upgraded its island-wide network of services progressively, consolidated entities to streamline business operations and saw a leadership renewal at the Board. As the healthcare needs of the country continue to expand, the Board, Management and staff at Healthway Medical are well-equipped and remain fully committed to serving the public healthcare demands of Singapore.

Financial Performance

Charting the Company's positive steps towards profitability, HMC narrowed losses attributable to shareholders to S$2.9 million in FY2019, a reduction of 50% from S$5.8 million in FY2018.

Our topline revenue reflected a steady growth of 1.4% from S$112.6 million in FY2018 to S$114.2 million in FY2019. Notably, the Primary Healthcare segment contributed to the increase of S$1.9 million in revenue with higher contributions from our General Practitioner ("**GP**") clinics following the completion of refurbishment works in June 2019.

With our ongoing efforts to streamline processes and operations, the total operating costs for FY2019 fell by 2.1% from S$120.2 million in FY2018 to S$117.7 million in FY2019. This decrease was largely due to the absence of provisions for onerous lease contracts of S$1.2 million in FY2019, lower write-off of property, plant, and equipment by S$0.8 million upon the closure of non-performing clinics in FY2018 and reduction in rental expenses by S$10.4 million due to adoption of SFRS(I) 16.

The Group continued to assess suitable opportunities, and invested in an associated company in FY2019. Its share of loss of associate for FY2019 was S$0.14 million. As a result, for FY2019, the Group's net loss attributable to shareholders after tax was S$2.9 million.

Ongoing Business Optimisation

In June 2019, we completed the refurbishment of a total of 36 clinics, which first began in August 2018. With the completion of clinic refurbishments, our GP clinics are now better equipped to handle higher patient loads, with greater efficiency and personalized care. With the outbreak of COVID-19 in Singapore in January 2020, our island-wide network of 53 GP clinics have operated at optimum efficiency to serve the healthcare needs of various communities across Singapore.

In June 2019, we further expanded our service offerings through Healthway Screening @ Downtown, a comprehensive screening centre, which leverages on innovation and technology, in the heart of Singapore's central business district. The screening centre is representative of Healthway Medical's focus on preventive healthcare, to better manage and stave off chronic conditions through early detection and prevention.

In FY2019, we also continued to streamline our business operations to enhance our corporate structure for better management control and efficiency. In December 2019, SBCC Clinic Pte Ltd and Thomson Paediatric Clinic Pte Ltd, both indirect wholly-owned subsidiaries of the Group, were amalgamated, with SBCC Clinic Pte Ltd remaining as the amalgamated entity. In August 2019, eight of the Group's wholly-owned dental clinics were amalgamated, with Healthway Dental Pte. Ltd. continuing as the surviving amalgamated company.

CHAIRMAN'S **STATEMENT**

Addressing Healthcare Needs Amid COVID-19

As a healthcare company that operates widely across Singapore, our family doctors and clinic staff have been serving diligently on the frontlines of COVID-19. Under the steadfast leadership of Dr Khor Chin Kee and his team, the Group has been able to attend to the immediate healthcare needs of the community while continuing to care for patients with chronic conditions.

In February 2020, we rolled out additional measures to cater to patients with chronic conditions. For our patients, we implemented teleconsultations and a pick-up-and-go service for chronic medications. Through these additional services, we look to enhance the convenience and accessibility of the healthcare needs of our patients, while minimising the risk of exposure in the clinic and waiting times.

In the longer term, Healthway Medical will continue to work closely alongside government initiatives and our partners to provide high-quality, affordable and accessible healthcare services to Singaporeans, and in particular, its ageing population.

Changes in Board Directors and Key Management

The Company saw a series of leadership changes over the past year. Mr John Lee retired from the position of Non-Independent Non-Executive Chairman, after being appointed to the Board in 2017. Having been appointed Independent Chairman following Mr Lee's retirement, I look forward to continuing to work closely with the Board and Management to bring greater value to shareholders.

In February 2020, Mr Abram Melkyzedeck Suhardiman was re-designated to Deputy Chief Executive Officer. Mr Suhardiman assists Dr Khor Chin Kee in managing all aspects of the Company and Group's business.

In Appreciation

On behalf of the Board of Directors, I would like to thank Mr John Lee for his invaluable guidance and leadership during his time at Healthway Medical Corporation Limited. I look forward to continuing to build on his contributions, as the Company continues to progress towards becoming the premier healthcare company in Singapore and the region. The Board would also like to thank outgoing Independent Director, Mr Sonny Yuen, for his contributions over the last five years.

We would also like to express our deepest appreciation to all our frontline staff, doctors, clinical professionals and healthcare personnel. These individuals have worked tirelessly to provide the highest quality of care for our patients, and have shown unwavering care and commitment amid the current COVID-19 outbreak.

The Board and Management also wish to express our heartfelt gratitude to our shareholders for your continued trust. With your continued support, I am confident that Healthway Medical will make great strides in the years ahead.

Mr Sin Boon Ann,
Independent Chairman
Healthway Medical Corporation Limited

BOARD OF DIRECTORS

MR SIN BOON ANN
Independent Chairman

Mr Sin Boon Ann was appointed as an Independent Chairman of the Company on 26 April 2019. He is a member of the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee.

Mr Sin holds a Bachelor of Arts and a Bachelor of Laws (Honours) from the National University of Singapore in 1982 and 1986 respectively, and a Master of Laws from the University of London in 1988. He was admitted to the Singapore Bar in 1987, and was a member of the teaching staff of the law faculty in National University of Singapore from 1987 to 1992 prior to his career with Drew & Napier LLC.

Currently, Mr Sin is a Consultant with Drew & Napier LLC. He joined Drew & Napier LLC in 1992, majoring in corporate finance and mergers & acquisitions. He was the Deputy Managing Director of the Corporate & Finance Department and the Co-head of the Capital Markets Practice in Drew & Napier LLC for 17 years.

Mr Sin was acclaimed in industry publications for his expertise in capital market. In public services, he was also a Member of Parliament for Tampines Group Representation Constituency (GRC) from 1996 to 2011 and a member of the Government Parliamentary Committee for Health and Defence and Foreign Affairs from 2009 to 2011.

Mr Sin was conferred the Singapore National Day Award – "The Public Service Star (Bintang Bakti Masyarakat)" in 2018 and "The Public Service Medal (Pingat Bakti Masyarakat)" in 2013 by the President of Singapore and received the NTUC May Day Award – "Distinguished Service Award" in 2018, "Meritorious Service Award" in 2013 and "Friends of Labour Award" in 2003 for his invaluable contributions and commitment to the labour movement in Singapore.

MR ABRAM MELKYZEDECK SUHARDIMAN
Executive Director and Deputy Chief Executive Officer

Mr Abram Melkyzedeck Suhardiman was appointed as the Executive Director of the Company on 26 April 2019 and was re-designated from Chief Operating Officer to Deputy Chief Executive Officer ("**CEO**") of the Company and its subsidiaries ("**Group**") on 10 February 2020. He has assumed the role of Chief Operating Officer of the Company/Group since year 2017 until the re-designation as Deputy CEO.

Mr Suhardiman is responsible for overseeing the Group's operations and corporate support functions including finance, legal, marketing, human resources, corporate communications and information technology divisions, and assisting the Chief Executive Officer in strategic planning and managing all aspects of the Company and the Group's business.

Prior to joining Healthway, Mr Suhardiman served as the Vice President at Nuvest Capital, Singapore. He has also worked at The Abraaj Group and Citibank where he was part of the investment team in Southeast Asia. Mr Suhardiman holds a Bachelor of Science in Business Administration from University of Southern California, Los Angeles and Masters in Finance from Hult International Business School, San Francisco.

BOARD OF DIRECTORS

DR STEPHEN RIADY

Non-Independent Non-Executive Director

Dr Stephen Riady was appointed as a Non-Independent Non-Executive Director of the Company on 16 August 2017 and was re-appointed on 27 April 2018. He is a deemed controlling shareholder of the Company. Details of his deemed shareholdings can be found on page(s) 58 and 132 to 134 of the Annual Report.

Dr Riady was appointed as Executive Chairman of OUE Limited on 9 March 2010. He has been serving as Executive Director of OUE Limited since 30 November 2006. On 1 January 2020, Dr Riady was appointed as Group Chief Executive Officer (in an expansion of his role as Executive Chairman) of OUE Limited. OUE Limited is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). He is also an Executive Director of Lippo Limited and has been its Chairman since 1991. He was appointed as a director of Lippo China Resources Limited in 1992 and on 25 March 2011, he was appointed as its Chairman. He has been an Executive Director of Hongkong Chinese Limited since 1992 and on 25 March 2011, he was appointed as its Chairman. Dr Riady is also a member of the remuneration committee and nomination committee of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited, which are all listed on the Main Board of The Stock Exchange of Hong Kong Limited.

His service to society includes such civic engagements as founding honorary advisor of the University of Hong Kong Foundation for Education Development and Research, member of the Boards of Trustees of Volunteer Service Trust and The Better Hong Kong Foundation, member of the Advisory Council of One Country, Two Systems Research Institute, fellow of the Duke of Edinburgh's Award World Fellowship and member of the Advisory Board of Sloan School of Management of the Massachusetts Institute of Technology, United States of America. He was a member of the Council and the Court of Hong Kong Baptist University. Dr Riady also holds the positions of Trustee, Global Board of Trustees, Asia Society; Executive Vice President, China Federation of Overseas Chinese Entrepreneurs; and Permanent honorary chairman, Singapore Research Center of Institute for Global Development of Tsinghua University.

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

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

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

BOARD OF **DIRECTORS**

MR ANAND KUMAR
Non-Independent Non-Executive Director

Mr Anand Kumar was appointed as a Non-Independent Non-Executive Director of the Company on 24 March 2017 and was last re-appointed on 26 April 2019. He is a representative and Partner of Gateway Partners, an investment firm focused on growth capital and strategic opportunities across markets in Southeast Asia, South Asia, the Middle East and Africa.

Mr Kumar has over 28 years of experience in Investments, Mergers & Acquisitions ("**M&A**"), Equity Capital Markets and Leveraged Finance in Southeast Asia with a strong network of relationships in the region. Prior to joining Gateway Partners in 2014, Mr Kumar held leadership positions in several leading investment banks including Standard Chartered Bank and Morgan Stanley. Leadership positions in Standard Chartered included Global Head of Capital Markets and Co-Head, Wholesale Bank for Southeast Asia and Australia. At Morgan Stanley, he was the Head of M&A and Restructuring for Southeast Asia.

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

MR CHEN YEOW SIN
Lead Independent Director

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

Mr Chen is the Managing Director of One Partnership, a public accounting corporation that provides audit, tax and business advisory services, where he oversees the firm's operation, risk management and growth strategy. In addition to that, he also heads the Risk Advisory division providing internal audit and enterprise risk management services to listed Companies with operations in Singapore and Asian region. Mr Chen started his accountancy and audit training with a firm of chartered accountant in London. Upon his qualification as a chartered accountant, he worked in 2 of the Big Four accounting firms in Singapore before joining a US Fortune 500 energy and resource company as the South East Asia regional internal audit manager where he was responsible for the risks management, internal controls and conflict of interest investigation.

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

BOARD OF **DIRECTORS**

MR LIN WEIWEN, MOSES
Independent Director

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

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

Mr Lin has practised at several local and international law firms and has also worked in-house at a marine liability insurer, Charles Taylor Plc.

Mr Lin is currently a partner with Shook Lin & Bok LLP where he leads the shipping and commodities practice.

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

ADVISORY **BOARD**

MR TAN CHUAN JIN

Mr Tan Chuan Jin serves as Chairman of the Advisory Board of Healthway Medical Corporation Limited. Mr Tan is the current Speaker of the Parliament of Singapore, and a Member of Parliament in Marine Parade GRC (Kembangan-Chai Chee). Mr Tan served in the Singapore Armed Forces ("**SAF**") for nearly 24 years before leaving the SAF to join politics. He served as the Minister for Manpower and following that, Minister for Social and Family Development, before moving to his current role as Speaker of Parliament.

Mr Tan was awarded an SAF Overseas Scholarship to study in the United Kingdom, where he completed a Bachelor of Science in Economics at the London School of Economics and a Master of Arts degree in Defence Studies at King's College London.

He also completed a Master's in Public Management degree at the National University of Singapore's Lee Kuan Yew School of Public Policy.

DR LILY NEO

Dr Lily Neo serves on the Advisory Board of Healthway Medical Corporation Limited. Dr Neo is a medical practitioner with more than 30 years of experience, and a Member of Parliament for the Kreta Ayer-Kim Seng constituency within Jalan Besar GRC. Dr Lily Neo is Chairman of the Jalan Besar Town Council and Deputy Chairperson of the Government Parliamentary Committee on Health.

PROFESSOR BERNARD YEUNG

Professor Bernard Yeung serves on the Advisory Board of Healthway Medical Corporation Limited. Professor Yeung was formerly the Dean and Stephen Riady Distinguished Professor in Finance and Strategic Management at National University of Singapore ("**NUS**") Business School. Before joining NUS in June 2008, he was the Abraham Krasnoff Professor in Global Business, Economics, and Management at New York University ("**NYU**") Stern School of Business.

Professor Yeung has published widely in academic journals covering topics in Finance, Economics, and Strategy; his writing also appears in top-tier media publications such as The Financial Times, Economist, and The Wall Street Journal.

Professor Yeung received his Bachelor of Arts in Economics and Mathematics from the University of Western Ontario and his MBA and PhD degrees from the Graduate School of Business at the University of Chicago.

SENIOR **MANAGEMENT**

DR KHOR CHIN KEE
Chief Executive Officer

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

MR ABRAM MELKYZEDECK SUHARDIMAN
Deputy Chief Executive Officer

Mr Abram Melkyzedeck Suhardiman is the Deputy Chief Executive Officer of Healthway Medical Corporation Limited. Mr Suhardiman is responsible for overseeing the Group's operation and corporate support functions including finance, legal, marketing, human resources, corporate communications and information technology divisions.

Prior to joining Healthway Medical Corporation Limited, Mr Suhardiman served as the Vice President at Nuvest Capital, Singapore. He has also worked at The Abraaj Group and Citibank where he was part of the investment team in Southeast Asia. Mr Suhardiman holds a Bachelor of Science in Business Administration from University of Southern California, Los Angeles and Masters in Finance from Hult International Business School, San Francisco.

MR SACHIN SHETH
Chief Financial Officer

Mr Sachin Sheth is the Chief Financial Officer of Healthway Medical Corporation Limited. Besides assisting the CEO on strategic initiatives and Mergers & Acquisitions ("**M&A**"), Mr Sheth is responsible for overseeing the Group's overall finance, compliance, corporate governance, accounting, corporate secretarial and taxation functions.

Prior to joining Healthway Medical Corporation Limited, he worked at Adcorp Holdings (Singapore) Pte Limited as Chief Financial Officer for Adcorp Group's international business across Australia, Singapore and the rest of Africa. He has more than 20 years of cross-border international experience in the field of finance, banking, M&A, accounting, auditing and taxation and has held several senior roles with local and international companies covering Asia-Pacific, Africa and the European region.

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

SENIOR **MANAGEMENT**

MR LOUIS POEY
Vice President, Operations

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

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

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

MR JORDAN ISAC
Vice President, HR and Business Development

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

Mr Isac holds a double bachelor's degree from the University of Melbourne, Master's in Political Science from the University of Oxford and an Executive Master of Business Administration from Peking University and University of Pelita Harapan.

MR AYUSH JOHARI
Vice President, Strategy and Technology

Mr Ayush Johari is the Vice President of Strategy and Technology at the Group. His core responsibility is to drive operational innovation and efficiency across the Group of clinics through technology and streamlining of the core business functions. In addition, he oversees the Health Screening business portfolio.

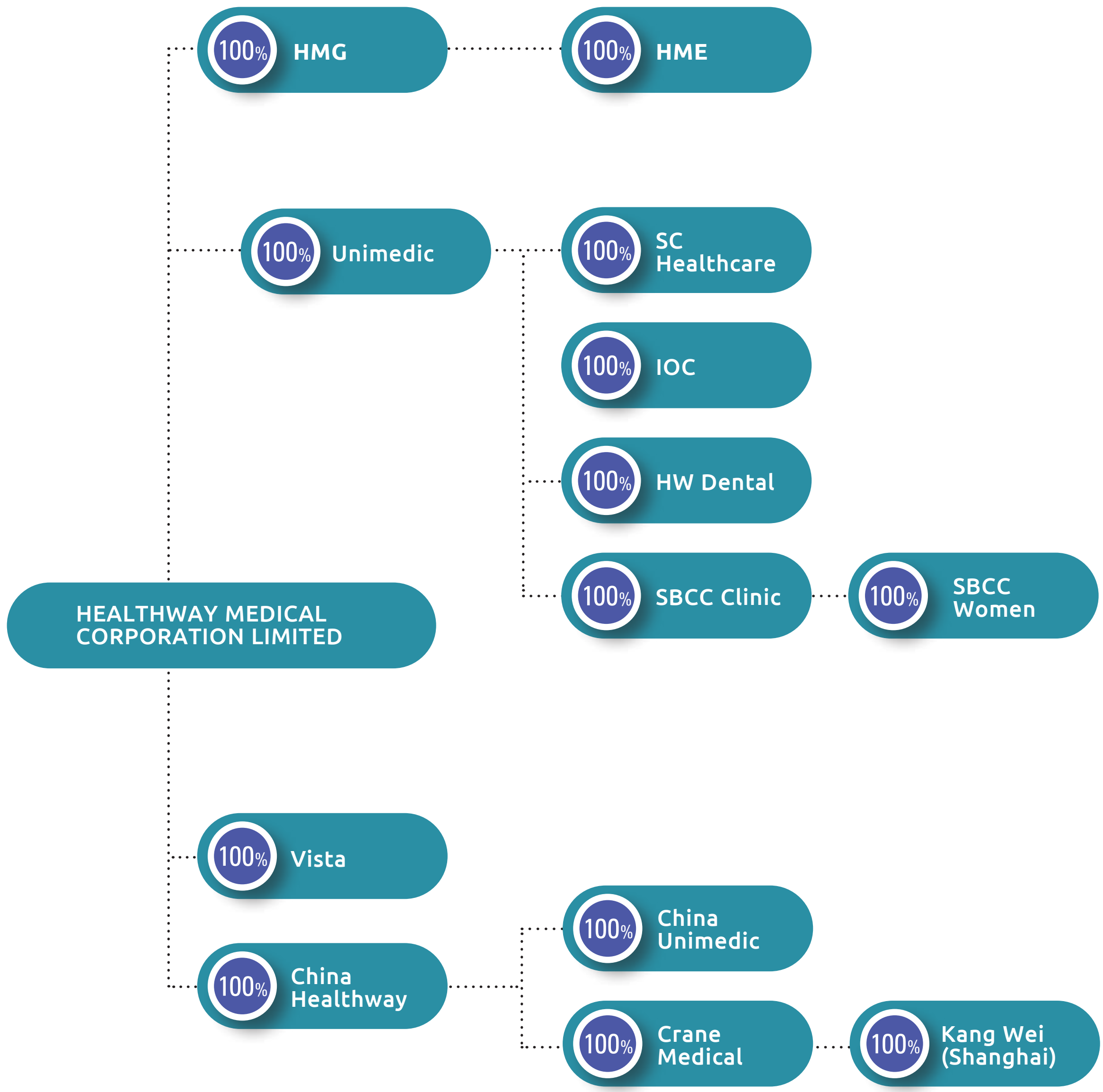
Prior to his role at Healthway, Mr Johari served the position of Head of Operations and Technology at Capital Health Screening Centre, one of Mubadala Healthcare's entity in Abu Dhabi.

Mr Johari has more than 10 years of experience in the field of technology and innovation and holds a Bachelors in Computer Engineering from Purdue University, Indiana, United States.

OUR GROUP **STRUCTURE**

As at 31 December 2019

Healthway Medical



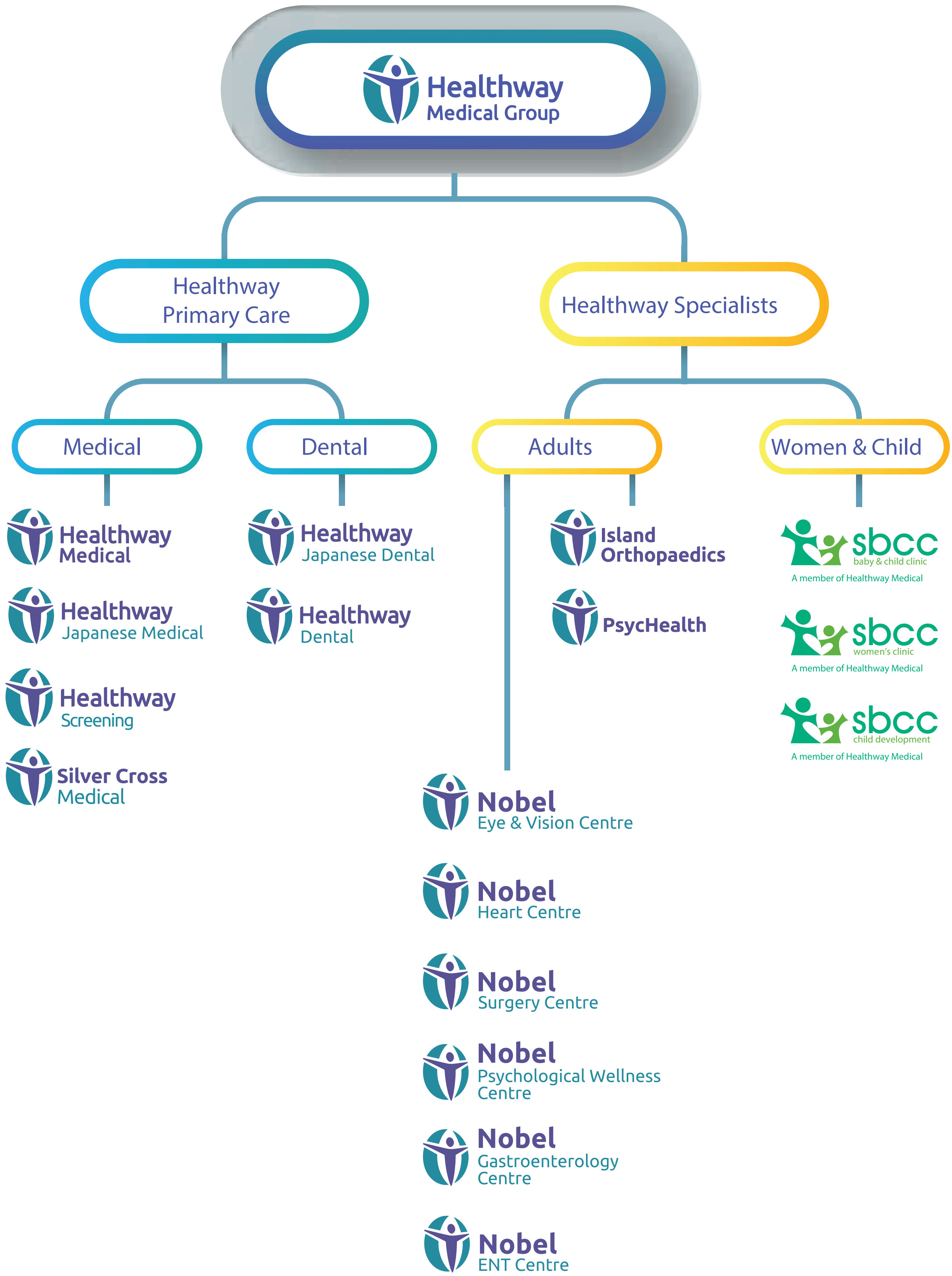
Notes:

1. *Eight (8) direct wholly-owned subsidiaries of Unimedic (Aaron CTP, Aaron Dentalcare, Aaron Seow, Universal Dentalcare, Universal (Braddell), Universal (Woodlands), Popular (Woodlands) and HW Dental) were amalgamated as HW Dental as the amalgamating surviving entity with effect from 31 August 2019.*
2. *Two (2) direct wholly-owned subsidiaries of Unimedic (Thomson Paediatric and SBCC Clinic) were amalgamated as SBCC Clinic as the amalgamating surviving entity with effect from 31 December 2019.*

GROUP STRUCTURE **DEFINITIONS**

Amalgamated (ceased) Entities		
“Aaron CTP”	:	Aaron CTP Dental Surgery Pte. Ltd.
“Aaron Dentalcare”	:	Aaron Dentalcare Pte. Ltd.
“Aaron Seow”	:	Aaron Seow International Pte Ltd
“Thomson Paediatric”	:	Thomson Paediatric Clinic Pte Ltd
“Popular (Woodlands)”	:	Popular Dental(Woodlands) Pte. Ltd.
“Universal Dentalcare”	:	Universal Dentalcare Pte Ltd
“Universal (Braddell)”	:	Universal Dental Group(Braddell) Pte. Ltd.
“Universal (Woodlands)”	:	Universal Dental Group(Woodlands) Pte. Ltd.
Current Entities		
“China Healthway”	:	China Healthway Pte. Ltd.
“China Unimedic”	:	China Unimedic Pte. Ltd.
“Crane Medical”	:	Crane Medical Pte. Ltd.
“HW Dental”	:	Healthway Dental Pte. Ltd.
“HME”	:	Healthway Medical Enterprises Pte Ltd
“HMG”	:	Healthway Medical Group Pte Ltd
“IOC”	:	Island Orthopaedic Consultants Pte Ltd
“Kang Wei (Shanghai)”	:	Kang Wei Investment Consultancy (Shanghai) Co., Ltd.
“SBCC Clinic”	:	SBCC Clinic Pte Ltd
“SBCC Women”	:	SBCC Women Clinic Pte. Ltd.
“SC Healthcare”	:	Silver Cross Healthcare Pte Ltd
“Unimedic”	:	Unimedic Pte. Ltd.
“Vista”	:	Vista Medicare Pte. Ltd.

BRAND **ARCHITECTURE**



CORPORATE **INFORMATION**

BOARD OF DIRECTORS

SIN BOON ANN *(Independent Chairman)*
DR STEPHEN RIADY *(Non-Independent Non-Executive Director)*
ANAND KUMAR *(Non-Independent Non-Executive Director)*
ABRAM MELKYZEDECK SUHARDIMAN *(Executive Director and Deputy Chief Executive Officer)*
CHEN YEOW SIN *(Lead Independent Director)*
LIN WEIWEN, MOSES *(Independent Director)*

AUDIT AND RISK COMMITTEE

CHEN YEOW SIN *(Chairman)*
SIN BOON ANN *(Member)*
LIN WEIWEN, MOSES *(Member)*

NOMINATING COMMITTEE

CHEN YEOW SIN *(Chairman)*
SIN BOON ANN *(Member)*
LIN WEIWEN, MOSES *(Member)*

REMUNERATION COMMITTEE

LIN WEIWEN, MOSES *(Chairman)*
CHEN YEOW SIN *(Member)*
SIN BOON ANN *(Member)*

COMPANY SECRETARIES

RAYMOND LAM KUO WEI
LEH SI YUAN

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
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SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
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AUDITORS

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Partner-in-charge: Charlotte Hsu
(effective from the financial year ended
31 December 2017)

PRINCIPAL BANKERS

DBS Bank Limited
12 Marina Boulevard
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Singapore 018982

United Overseas Bank Limited
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Singapore 048624

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

REPORT OF **CORPORATE GOVERNANCE**

The Board of Directors (the "**Board**" or the "**Directors**") of Healthway Medical Corporation Limited ("**HMC**" or the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance to ensure greater transparency and to protect the interests of the Company's shareholders (the "**Shareholders**").

The Company has put in place various policies and practices that will safeguard the interests of Shareholders and enhance Shareholders' value as part of its effort to maintain high standards of corporate governance. On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ("**2018 Code**"), which takes effect with respect to annual reports of listed issuers relating to financial year commencing on or after 1 January 2019. The Company had adopted the 2018 Code in the financial year ended 31 December 2018 and continue to do so in the financial year ended 31 December 2019 ("**FY2019**"). This report describes the corporate governance practices and procedures adopted by the Company with reference to the principles and provisions under the 2018 Code and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"). The Company has complied with the principles and provisions as set out in the 2018 Code and the Catalist Rules where appropriate, except where there are deviation from the 2018 Code, appropriate explanations are provided.

Principle 1: The Board's Conduct of Affairs

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

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

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

Matters which specifically require the Board's decision or approval are those involving:–

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nominations of Directors for appointment to the Board and appointment of key personnel;
- announcement of quarterly[Note A], half year and full year results, annual report and financial statements;
- material acquisitions and disposal of assets; and
- all matters of strategic importance.

REPORT OF **CORPORATE GOVERNANCE**

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

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

To get a better understanding of the Group's business, the Company adopts a policy whereby the Directors are encouraged to request for further explanations, briefings or informal discussion on the Company's operations or business with Management.

The Board conducts scheduled meetings on a quarterly basis FY2019. Ad-hoc meetings are convened when circumstances require. The Company's Constitution (the "**Constitution**") provides for participation in meetings via audio or visual means. The attendance of the Directors at meetings of the Board and Board Committees, and the frequency of these meetings for FY2019 are disclosed as follows:–

	Board	**ARC**	**NC**	**RC**
Number of meeting held	**4**	**5**	**2**	**1**
Name of Director	**Number of meetings attended**			
Mr Sin Boon Ann[(a)]	3	3	–	–
Mr Abram Melkyzedeck Suhardiman[(b)]	3	–	–	–
Dr Stephen Riady	3	–	–	–
Mr Anand Kumar	4	–	–	–
Mr Chen Yeow Sin	4	5	2	1
Mr Lin Weiwen, Moses	4	5	2	1
Mr Sonny Yuen Chee Choong[(c)]	1	2	2	1
Mr Lee Luen-Wai, John[(d)]	1	–	–	–

(a) Mr Sin Boon Ann was appointed as a Director with effect from 26 April 2019.

(b) Mr Abram Melkyzedeck Suhardiman was appointed as a Director with effect from 26 April 2019.

(c) Mr Sonny Yuen Chee Choong had retired as a Director with effect from 26 April 2019.

(d) Mr Lee Luen-Wai, John had retired as a Director with effect from 26 April 2019.

Newly-appointed Directors undergo an orientation program with materials provided to help them get familiarised with the business and organisation structure of the Group. To get a better understanding of the Group's business, the Directors are also given the opportunity to visit the Group's operational facilities and meet with Management.

The Board as a whole is updated quarterly by Management, auditors and/or Company Secretaries, during the Board and ARC meetings on risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards so as to enable them to properly discharge their duties as Board or Board Committee members. Mr Sin Boon Ann and Mr Abram Melkyzedeck Suhardiman were the incoming directors during the financial year under review. For first-time Director(s), the Company will arrange for them to attend the relevant training courses to familiarise themselves with the duties and responsibilities as a Director of a listed company as prescribed by SGX-ST within the first year of their appointment. Mr Abram Melkyzedeck Suhardiman had following his appointment as a Director of the Company, attended the relevant training courses as prescribed by the SGX-ST in his first year of appointment.

REPORT OF **CORPORATE GOVERNANCE**

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

The details of seminars, conferences and training programmes attended by some of the directors in FY2019 include:

- the Company's lawyer briefed the Board on the 2018 Code
- ACRA-SGX-SID Audit Committee Seminar 2019
- SID – The Listed Company Director Programme (LED 6) – Board Risk Committee Essentials

In order to ensure that the Board is able to fulfil its responsibilities, Management provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Directors are furnished regularly with information from Management about the Group as well as the relevant background information relating to the business to be discussed at the Board meetings. The Directors are also provided with the contact details of the senior management and the Company Secretaries to facilitate separate and independent access.

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

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

In furtherance of their duties, the Directors may seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities. The appointment of such independent professional advisers is subject to the approval of the Board.

REPORT OF **CORPORATE GOVERNANCE**

The Company Secretaries attend all Board and Board Committees' meetings. Together with Management, the Company Secretaries are responsible for ensuring that appropriate Board procedures are followed and that the requirements of the Companies Act (Chapter 50) of Singapore (the "**Act**"), and the provisions in the Catalist Rules are complied with. The appointment or removal of the Company Secretaries is a matter for the Board as a whole.

The Directors are briefed either during Board and Board Committee meetings or by the Company Secretaries of these changes especially where these changes have an important bearing on the Directors' disclosure obligations.

*Note A: On 7 February 2020, Singapore Exchange Regulation ("**SGX RegCo**") introduced a new risk-based approach to quarterly reporting of financial statements with only companies in the list of issuers published by SGX RegCo are required to perform quarterly reporting ("**Quarterly Reporting**"). As at the date of this Annual Report, HMC is not among the companies selected by SGX RegCo to continue performing quarterly reporting but the Company has opted to continue disclosing its quarterly financial statements on a voluntary basis. A separate announcement will be released if there is any change to the Company's decision on the Quarterly Reporting.*

Principle 2: Board Composition and Guidance

The Board currently has six (6) Directors, comprising three (3) Independent Directors, two (2) Non-Independent Non-Executive Directors and one (1) Executive Director. With at least half of the Board consisting of Independent Directors, there is a strong element of independence on the Board. Information regarding each Board member is provided under the Board of Directors section set out on pages 10 to 13 of this report. With their expertise and competency in their respective fields, they engage in open and constructive debate and challenge Management on its strategy proposals and assist in reviewing the performance of Management in achieving set objectives. They are well-supported by Management with accurate, complete and timely information to enable them to make informed decisions.

Pursuant to Provision 2.2 of the 2018 Code, the Independent Directors shall make up of a majority of the Board where the Chairman is not independent. The Chairman of the Board, Mr Sin Boon Ann is an Independent Director.

Mr Lin Weiwen, Moses, an Independent Director of the Company has expressed his intention to retire as a Director of the Company at the conclusion of the Company's forthcoming Annual General Meeting ("**AGM**"). To continue the Company's practice in improving corporate credibility and governance standards, the Company is proposing the appointment of Ms Poh Mui Hoon as an Independent Director of the Company and as a new member of each of the Board Committees. Information regarding Ms Poh Mui Hoon are as set out on paged 52 to 56 of this report. Subsequent to the passing of the resolution on Ms Poh Mui Hoon's appointment by the shareholders, the Independent Directors comprises at least half of the Board.

The independence of each Director is reviewed annually by the NC. The NC adopts the definition in the 2018 Code and the Catalist Rules as to what constitutes an independent director in its review to ensure that there is a strong independent element on the Board such that the Board is able to exercise objective judgment on corporate affairs independently. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company.

The NC is of the view that Mr Chen Yeow Sin, Mr Lin Weiwen, Moses and Mr Sin Boon Ann are independent. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs.

REPORT OF **CORPORATE GOVERNANCE**

The 2018 Code provides that the Board should have a Lead Independent Director to provide leadership in situations where the Chairman of the Board is conflicted, and especially when the Chairman of the Board is not independent. The Chairman of the Board is independent, and the Company had voluntarily retained Mr Chen Yeow Sin as the Lead Independent Director (the "**Lead ID**") for good corporate governance initiative. Mr Chen acts as the leader of the Independent Directors at Board Meetings to provide non-executive perspectives and contribute a balance of viewpoints on the Board. In addition, Shareholders with concerns may contact the Lead ID where their concerns cannot be resolved through the normal channels via Chairman or Chief Executive Officer ("**CEO**"), or Deputy CEO or when such contact is not possible or inappropriate. The Independent Directors, led by the Lead ID, meet or communicate periodically without the presence of the other Directors and collectively provide feedback to the Chairman as matters arising from such meetings. During FY2019, the Independent Directors have met separately prior to the scheduled meetings without the presence of other Non-Independent Non-Executive Directors and Management. Lead ID provided feedback on issues discussed to Chairman of the Board.

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

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

The Board and Board Committees comprise Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience as follows:–

Balance and Diversity of the Board		
	Number of Directors	**Proportion of Board**
Core Competencies		
– Accounting or finance	3	50%
– Business management	6	100%
– Legal or corporate governance	5	83%
– Relevant industry knowledge or experience	3	50%
– Strategic planning experience	5	83%
– Customer based experience or knowledge	6	100%

The Board, through the NC, has examined its structure, size and composition and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

REPORT OF **CORPORATE GOVERNANCE**

The Company has put in place a Board Diversity Policy which provides that, in reviewing the Board composition, the NC will consider the benefit of all aspects of diversity, including diversity of skills, experiences, gender, age, ethnicity and other relevant factors. The Company continuously strives to improve Board diversity and subsequent to the shareholders' approval at the Company's forthcoming AGM on the appointment of Ms Poh Mui Hoon as the new Board member, the gender diversity on the Board would be improved.

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

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

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

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

Principle 3: Chairman and Chief Executive Officer

The Board is chaired by Mr Sin Boon Ann, Independent Chairman of the Company, appointed since the last AGM of the Company held on 26 April 2019.

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

Chairman is responsible for ensuring the effectiveness of the Board and Board Committees as well as the governance process. He promotes an open environment for debates, ensure sufficient allocation of time for thorough discussion of board meeting agenda and provides close oversight, guidance, advice and leadership to CEO and Management. Chairman, with consultation of Management, sets the agenda of the Board meetings and ensures that all Board members are provided with complete, adequate and timely information. As a rule, the Board papers are sent to the Directors in advance for Directors to be adequately prepared for the meetings. Chairman will play a pivotal role in fostering constructive dialogue between Shareholders, the Board and Management.

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

Principle 4: Board Membership

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

REPORT OF **CORPORATE GOVERNANCE**

The principal functions of the NC are as follows:–

– reviewing and recommending to the Board;

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

  ii. board succession plans for directors;

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

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

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

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

– reviewing the appointment of alternate directors;

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

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

In the nomination and selection process, the NC identifies the candidates and reviews the nominations for the appointments based on the following criteria:–

(i) at least half of directors shall be independent directors; and

(ii) the candidate shall be a fit and proper person to hold such office, and the most qualified candidate nominated for the office, taking into account the candidate's track record, age, experience, capabilities and other relevant factors.

Each member of the NC shall abstain from voting on any recommendation and/or participating in respect of matters in which he has an interest.

When an existing director chooses to retire or the need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as a new director. Candidates may be suggested by Directors or Management or sourced from external sources. The NC will interview the shortlisted candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision making track record, relevant experience and financial literacy. The NC then nominates the most suitable candidate to the Board for approval. Pursuant to his/her appointment as a Director of the Company by the Board, the candidate will be required to stand for re-election at the next AGM of the Company pursuant to the Company's Constitution.

REPORT OF **CORPORATE GOVERNANCE**

The NC meets at least once a year. Under Regulation 98 of the Company's Constitution, one third (1/3) of the Board is to retire by rotation and subject themselves to re-election by Shareholders at every AGM. All Directors are required to retire from office at least once every three (3) years. This is in line with the Rule 720(4) of the Rules of Catalist which took place on 1 January 2019. All new Directors appointed by the Board during the financial year shall hold office only until the next AGM, but will be eligible for re-appointment at that AGM. The NC will assess and evaluate whether Directors retiring at each AGM are properly qualified for re-appointment by virtue of their skills, experience, performance and contributions to the Board.

In accordance with Regulation 98 of the Company's Constitution and Rule 720(4) of the Catalist Rules, Mr Chen Yeow Sin and Mr Lin Weiwen, Moses are subject to retirement by rotation at the forthcoming AGM. Mr Chen Yeow Sin has expressed his willingness to be re-elected as a Director of the Company. Mr Lin Weiwen, Moses has expressed his intention of retirement via a notice to the Board that he does not wish to stand for re-election as a Director at the forthcoming AGM. The Board has accepted the notice and upon the conclusion of the Meetings, Mr Lin Weiwen, Moses will cease to be the Director of the Company and consequently shall cease to be the member of each of the ARC and NC, and Chairman of the RC. Mr Sin Boon Ann and Mr Abram Melkyzedeck Suhardiman are subject to retirement in accordance with Regulation 102 of the Company's Constitution and Rule 720(4) of the Catalist Rules. Mr Sin Boon Ann and Mr Abram Melkyzedeck Suhardiman have expressed their willingness to be re-elected as Directors at the forthcoming AGM.

As Mr Lin Weiwen, Moses is retiring as the Directors of the Company upon the conclusion of the Meetings, the Company is proposing the appointment of one (1) new Director, Ms Poh Mui Hoon, as an Independent Director for Shareholders' approval by way of ordinary resolution. The information about Ms Poh Mui Hoon as required to be furnished pursuant to Rule 720(5) of the Catalist Rules can be found on pages 52 to 56 of this report.

The NC has recommended to the Board that Mr Sin Boon Ann, Mr Abram Melkyzedeck Suhardiman and Mr Chen Yeow Sin, be nominated for re-election at the forthcoming AGM pursuant to Regulation 102 and Regulation 98 of the Company's Constitution. In making the recommendations, the NC had considered the Director's overall contributions and performance. The additional information relating to Mr Sin Boon Ann, Mr Abram Melkyzedeck Suhardiman and Mr Chen Yeow Sin as required under Rule 720(5) of the Catalist Rules can be found on pages 43 to 51 of this report.

The NC has, also recommended to the Board that Ms Poh Mui Hoon will, subject to Shareholders' approval, be appointed and deemed to have been re-elected as the Director of the Company pursuant to Regulation 100 of the Company's Constitution. Ms Poh Mui Hoon is considered independent by the Board for the purposes of Rule 704(7) of the Catalist Rules and will upon re-election, remain as the Independent Director and as a member of each of the Board Committees.

The Board is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company. The Board is of the view that the assessment of whether each Director is able to devote sufficient time to discharge his or her duties should not be restricted to the number of board representation. The considerations in assessing the capacity of Directors include the following:–

– Expected and/or competing time commitments of Directors;

– Geographical location of Directors;

– Size and composition of the Board; and

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

REPORT OF **CORPORATE GOVERNANCE**

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2019. As such, the Board does not propose to set the maximum number of listed company board representations and principal commitments which Directors may hold until such need arises. The NC would continue to review from time to time the board representations and principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

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

Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies		Other Principal Commitments
			Present	Past Three Years	
Mr Sin Boon Ann	26 April 2019	–	Singapore • TIH Limited • HRnetGroup Limited • Rex International Holding Limited • OUE Limited • CSE Global Limited	Singapore • Datapulse Technology Limited	Singapore • Balkan Holdings Pte. Ltd. • The Farrer Park Company Pte. Ltd. • W Capital Markets Pte. Ltd. • AT-Sunrice GlobalChef Academy Pte. Ltd. • Esseplore Pte. Ltd. • Singapore Centre for Social Enterprise Ltd. (raiSE) • SE Hub Ltd. • Tampines Central Community Foundation Limited • Drew & Napier LLC
Dr Stephen Riady	16 August 2017	27 April 2018	Singapore • OUE Limited Overseas • Hongkong Chinese Limited • Lippo China Resources Limited • Lippo Limited	Singapore • Auric Pacific Group Limited (delisted on 17 April 2017) • OUE Lippo Healthcare Limited (Retired on 25 April 2019	Executive Chairman and Group Chief Executive Officer of: • OUE Limited Executive Chairman of: • Lippo Limited • Lippo China Resources Limited • Hongkong Chinese Limited

REPORT OF **CORPORATE GOVERNANCE**

Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies		Other Principal Commitments
			Present	Past Three Years	
Mr Anand Kumar	24 March 2017	26 April 2019	–	–	Singapore • Gateway Management Company Pte. Ltd. • Gateway Fund Company Pte. Ltd. • GW Crown Pte. Ltd. • GW Confectionary Pte. Ltd. • GW Supernova Pte. Ltd. • GW Three Pte. Ltd. • Angsana Singapore Pte. Ltd. • Falcon Investments Pte. Ltd. • GW Redwood Pte. Ltd. • Sparrow Investments Pte. Ltd. • Mahogany Singapore Company Pte. Ltd. • GW Sky Pte. Ltd. Overseas • Gateway Partners Limited • Gateway (Cayman) Limited • Gateway Holdings Limited • Gateway Capital Partners Limited • GW Active Limited • Angsana International Limited • ASN Investments Limited • Angsana Finance Limited • GW Investments Limited • TVS Supply Chain Solutions Limited • DRSR Logistics Services Private Limited **Note:** (a) All the above entities are entities associated with Mr Kumar's principal occupation as a Partner and Investment Committee member at Gateway Partners. (b) Mr Kumar holds other directorship (non principal commitment) in General Master Worldwide Limited.

REPORT OF **CORPORATE GOVERNANCE**

Name of Director	Date of Appointment	Last Re-Election Date	Directorships in Other Listed Companies		Other Principal Commitments
			Present	Past Three Years	
Mr Chen Yeow Sin	21 July 2017	27 April 2018	–	–	Singapore • One Partnership PAC (Managing Director)
Mr Lin Weiwen, Moses	1 August 2016	27 April 2018	–	–	Singapore • Shook Lin & Bok LLP (Partner)
Mr Abram Melkyzedeck Suhardiman	26 April 2019	–	–	–	Overseas • City Ocean Group Limited

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

Principle 5: Board Performance

The NC decides on how the Board's and its Board Committees' performance and individual Directors' contributions are to be evaluated and to propose objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term Shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the contribution from each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

In evaluating the Board's and its Board Committees' performance, the NC considers a set of quantitative and qualitative performance criteria that has been approved by the Board. The performance criteria for the Board and Board Committees' evaluation are in respect of:

a. Board size and composition;

b. Board information;

c. Board process and accountability;

d. Board Committee performance in relation to discharging their responsibilities set out in the respective terms of reference; and

e. Standards of conduct.

REPORT OF **CORPORATE GOVERNANCE**

The individual Director's performance criterion is in relation to the Director's:

a. Interactive skills;

b. Knowledge including industry or professional expertise, specialist or functional contribution and regional expertise;

c. Duties including attendance at meetings, meeting preparation, participation and performance of specific assignments; and

d. Conduct including maintenance of independence, disclosure of related party transactions and compliance with company policies.

During the financial year under review, all Directors completed a board evaluation questionnaire designed to seek their view on various aspects of the Board and Board Committees' performance as described above. All Directors also completed a Directors' Peer Evaluation and Self-Assessment Questionnaire in relation to the assessment of individual Director's contribution. Chairman, in consultation with the NC, acted on the results of the performance evaluations. Where appropriate, Chairman will propose new members be appointed to the Board or seek the resignation of Directors.

The NC has assessed the current Board's and Board Committees' performance to-date and individual Directors' contributions, and is of the view that the performance of the Board as a whole, the Board Committees and individual Directors, was satisfactory. Accordingly, the Board has met the performance evaluation criteria and objectives during the financial year under review. There is no external facilitator engaged for the assessment of the Board's and Board Committees' performances and individual Directors' contributions.

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

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

The principal functions of the RC are as follows:–

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

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

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

Each member of the RC shall abstain from voting on any recommendation and/or participating in respect of matters in which he or she has an interest.

REPORT OF **CORPORATE GOVERNANCE**

The Non-Executive Directors do not have service agreements with the Company.

The RC adopted the guidelines set out in the Statement of Good Practice issued by the SID to determine the scale of the Directors' fees for FY2019. Except for Messrs Stephen Riady, Anand Kumar and Abram Melkyzedeck Suhardiman all Directors will receive the base fee for being a member of the Board and additional fees for being a member of the Board Committees (collectively, the "**Directors' fees**"), which will be subject to the shareholders' approval at the forthcoming AGM.

For the financial year under review, the Independent Directors of the Company will be paid the Directors' fees, which are determined by the Board, appropriate to the level of their contributions, taking into account factors such as the effort and time spent and the responsibilities of the Independent Directors. Further details of the breakdown of the remuneration of each Director are provided on page 34 of this report.

The Company had on 26 April 2019 appointed Mr Abram Melkyzedeck Suhardiman as the Executive Director for the financial year under review. The review of the remuneration of the Executive Director and key management personnel takes into consideration the performance and the contributions of the Executive Director and key management personnel to the Company based on their distinct individual's job responsibilities and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully. The RC also has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises. There is no remuneration consultant engaged for provision of professional advice on remuneration matters in FY2019.

The Company adopts a remuneration policy that comprises a fixed as well as variable component. The fixed component is in the form of base salary and benefits while the variable component is in the form of performance bonus determined based on the level of achievement of corporate and individual performance objectives, aligning their interests with the interests of the shareholders.

The following performance conditions were chosen for the Group to remain competitive and to motivate the executive directors (if any) and key management personnel to work in alignment with the goals of all stakeholders:–

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

Notwithstanding the challenging environment in FY2019, the RC is satisfied that the performance conditions were met for FY2019.

There is no termination, retirement or any post-employment benefits to Directors and key management personnel during FY2019.

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The Company had adopted a Healthway Medical Performance Share Plan (the "**Performance Share Plan**") which was approved by the shareholders of the Company at the extraordinary general meeting held immediately after the last AGM of the Company on 26 April 2019. The grant of share awards to employees (including doctors) under the Performance Share Plan is designed to motivate staff towards strategic business objectives and for staff retention. The Company had performed various share buy-back exercises during FY2019 and had granted and vested share awards to the eligible participants on 27 March 2020.

The remuneration of each individual Director and CEO to the nearest thousand is not disclosed as the Board believes that the disclosure may be prejudicial to its business interests given the highly competitive healthcare business environment the Company operates in. The RC has reviewed the practice of the industry and considered the pros and cons of such disclosure.

The breakdown of the remuneration (in percentage terms) of each Director and the CEO for FY2019 is set out below:–

	Fee	**Salary**	**Bonus**	**Benefits***	**Total**
Name of Director/CEO	**%**	**%**	**%**	**%**	**%**
Below S$250,000					
Mr Lee Luen-Wai, John[1]	–	–	–	–	–
Mr Sin Boon Ann	–	–	–	–	–
Dr Stephen Riady	–	–	–	–	–
Mr Anand Kumar	–	–	–	–	–
Mr Abram Melkyzedeck Suhardiman[2]	–	85.59	14.27	0.14	**100**
Mr Chen Yeow Sin	100	–	–	–	**100**
Mr Lin Weiwen, Moses	100	–	–	–	**100**
Mr Sonny Yuen Chee Choong[3]	100	–	–	–	**100**
Dr Khor Chin Kee	–	98.16	–	1.84	**100**

Notes:–

1. Mr Lee Luen-Wai, John had retired as a Director of the Company on 26 April 2019.
2. Mr Abram Melkyzedeck Suhardiman was appointed as an Executive Director of the Company on 26 April 2019. On 10 February 2020, he has been re-designated from Chief Operating Officer to Deputy CEO.
3. Mr Sonny Yuen Chee Choong has retired as a Director of the Company on 26 April 2019.

* Other benefits include mainly employers' contributions to the Central Provident Fund and transport allowances.

The Code defines "key management personnel" as the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company. The Company takes the view that, save for the CEO, there are no other persons that have the authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, the Company only has one (1) key management personnel during FY2019.

Mr Abram Melkyzedeck Suhardiman, the Executive Director and Deputy CEO of the Group, is the son-in-law of Dr Stephen Riady, the Non-Independent Non-Executive Director of the Company. On 10 February 2020, Mr Abram Melkyzedeck Suhardiman has been re-designated from COO to Deputy CEO of the Group, and his remuneration was within the band of S$100,000 to S$200,000 in FY2019. The remuneration of the spouse of the CEO of the Company (Dr Chong Bick Yew) in FY2019 was within the band of S$200,000 to S$300,000. Save as disclosed, there are no employees who are immediate family members of a director or CEO or a substantial shareholder and whose remuneration exceeds S$100,000 during the year.

REPORT OF **CORPORATE GOVERNANCE**

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

Principle 9: Risk Management and Internal Controls

The Board believes that the system of internal controls maintained by Management provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislations, regulations and best practices and the identification and management of business risks.

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

To assist the ARC in its oversight of risk management and internal control functions, the management risk committee was formed during FY2019 under a written terms of reference. The management risk committee reports to the ARC on half-yearly basis. The management risk committee undertakes risk review from the Group's perspective, records the inherent risks, conduct cause and impact analysis, risk treatment and assessment of residual risks and target residual risks.

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

(i) the CEO and the Chief Financial Officer ("**CFO**") that the financial records have been properly maintained and the financial statements for FY2019 give a true and fair view of the Company and the Group's operations and finances; and

(ii) the management risk committee of the Company, led by the CEO, that the Group's risk management and internal control systems were adequate and effective for FY2019, based on enterprise risk management framework and the internal control policies and procedures established and maintained by the Company and the Group.

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

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

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and external auditors in the course of their statutory audit, reviews performed by Management and various Board Committees and the Assurance received, the Board with the concurrence of the ARC is of the opinion that the Group's internal controls including the financial, operational, compliance and information technology controls and risk management systems of the Company were adequate and effective as at 31 December 2019.

REPORT OF **CORPORATE GOVERNANCE**

The Board and the ARC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Company's internal controls system.

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

Principle 10: Audit and Risk Committee

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

With the proposed appointment of Ms Poh Mui Hoon as the new Board member subject to the Shareholders' approval at the forthcoming AGM, the Company is also proposing for Ms Poh to be the new member of each of the Board Committees. The Board is of the view that the ARC for FY2019 and the proposed new composition of the ARC subsequent to the appointment of Ms Poh has the necessary experience and expertise required to discharge its duties.

The principal responsibilities of ARC include the following:–

– reviewing the significant financial reporting issues and judgements so as to ensure the integrity of announcements and press releases related to the financial statements and/or performance of the issuer;

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

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

– recommending the Board on the appointment, re-appointment or removal of the external auditors;

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

– reviewing the independence of the external auditors annually;

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

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

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

REPORT OF **CORPORATE GOVERNANCE**

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

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

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

In addition, the ARC is given the task to commission independent investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any laws, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and to review the findings thereof. The ARC has full access to, and the co-operation of Management. The ARC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

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

The ARC meets with the external and internal auditors, without the presence of Management, at least annually, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, and the independence, objectivity and observations of the auditors. The ARC has reasonable resources to enable it to discharge its functions properly. The external auditors present to the ARC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements during the ARC meetings. The ARC has met with the external and internal auditors, without the presence of Management during FY2019.

Certain Singapore-incorporated subsidiaries of the Company were audited by different auditors as disclosed in Note 14 to the financial statements in this report. The Board and ARC have considered this and are satisfied that the appointment of different auditing firms would not compromise the standard and effectiveness of the audit of the Company by PwC, the Company's independent external auditor based on the adequacy of resources and experience of the other auditors. Therefore, Rule 712 and Rule 716 of the Catalist Rules have been complied with by the Company.

The aggregate amount of fees paid or payable to PwC, broken down into audit and non-audit services during FY2019 are as follows:–

Audit fees	S$392,070
Non-audit fees	S$85,950
Total	**S$478,020**

The ARC has reviewed and considered the nature and extent of the non-audit services provided will not prejudice the independence and objectivity provided by PwC.

As part of the ongoing corporate governance initiatives and the Company's requirement to align its appointment of auditors with that of its controlling shareholder, the ARC has reviewed and deliberated on the proposed change of auditors from PwC to Ernst & Young LLP ("**EY**"). EY has expressed its willingness to accept the appointment.

REPORT OF **CORPORATE GOVERNANCE**

Having reviewed EY's independence and the ARC's opinion, EY is suitable for the appointment as the new Auditors of the Company and the ARC has accordingly recommended to the Board that the appointment of EY as the new Auditors of the Company will be tabled for the Shareholders' approval at the forthcoming AGM of the Company.

The Directors and Management wish to express their appreciation for the past services rendered by PwC.

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

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

In FY2019, the ARC has reviewed with Baker Tilly their audit plan and their evaluation of the system of internal controls, their findings relating to the effectiveness of material internal controls, including financial, operational and compliance controls and Management's responses to those findings. Baker Tilly is adequately resourced as there is a team of six (6) members assigned to the Company's internal audit led by the Partner, who has audit experience in the healthcare industry. The ARC is satisfied that Baker Tilly is independent, effective, adequately qualified (given, inter alia, its adherence to IIA Standards) and resourced and has the appropriate standing within the Group to discharge its duties effectively.

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

Significant matter	**How the ARC reviewed the matter and what decisions were made**
Impairment assessment of goodwill and brand names with indefinite useful lives	The ARC considered the approach and valuation methodology applied in the impairment assessment for goodwill and brand names with indefinite useful lives. It reviewed the reasonableness of the cash flow forecasts and the key assumptions used which included the revenue growth rates, discount rate and the long-term growth rate. The impairment assessment of goodwill and brand names with indefinite useful lives was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2019. Refer to page 61 of this report.

*Note A: On 7 February 2020, Singapore Exchange Regulation ("**SGX RegCo**") introduced a new risk-based approach to quarterly reporting of financial statements with only companies in the list of issuers published by SGX RegCo are required to perform quarterly reporting ("**Quarterly Reporting**"). As at the date of this Annual Report, HMC is not among the companies selected by SGX RegCo to continue to perform quarterly reporting but the Company has opted to continue disclosing its quarterly financial statements on a voluntary basis. A separate announcement will be released if there is any change to the Company's decision on the Quarterly Reporting.*

REPORT OF **CORPORATE GOVERNANCE**

Whistle-blowing Policy

The ARC has put in place a whistle-blowing policy, whereby employees of the Group and external parties, which includes the Group's business associates, may in confidence, raise concerns about possible improper financial reporting or other matters to Mr Chen Yeow Sin, the ARC Chairman. The objective for such arrangement is to ensure independent investigations of such matters and for appropriate follow-up actions. Reports of suspected fraud, corruption, dishonest practices or other similar matters can be lodged via email to Mr Chen Yeow Sin, the ARC Chairman at whistleblow@healthwaymedical.com.

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

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. Other than the routine announcements made in accordance with the requirements of the Catalist Rules, the Company has issued additional announcements to update Shareholders on the activities of the Company and the Group in FY2019.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released via SGXNET before the Company meets with any group of investors or analysts. Results and annual reports are announced or issued within the mandatory period (and where this is not possible, relevant extensions of time are sought in accordance with applicable laws, regulations and rules). With the introduction of the new risk-based approach by Singapore Exchange Regulation ("**SGX RegCo**") in February 2020, although HMC is not among the companies selected by SGX RegCo to continue to perform quarterly reporting, but the Company has opted to continue disclosing its interim financial statements on a voluntary basis. The Company's corporate information as well as the annual report are accessible on the Company's website.

All Shareholders will receive the Company's annual report and notice of AGM together with the explanatory notes and/or a circular on items of special business on a timely basis on accordance with the legal requirements. At the AGM, Shareholders will be given the opportunity and time to air their views and ask the Directors or the Management questions regarding the Company.

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

The Company endeavors to communicate regularly and effectively with the Shareholders. Currently, the Company does not have an investor relations policy but considers advice from its continuing sponsor, corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. Notwithstanding the aforesaid, the Company would be looking into the implementation of an investor relations policy by end of the year and Shareholders are encouraged to visit the Company's website at www.healthwaymedical.com for information of the Company. There is a dedicated investor relations contact in the Company's website where the Shareholders are encouraged to call or write to the Company if they have questions. The investor relations representative will respond to the queries and emails requesting information promptly. The Company's website is a channel in which communication and engagement with stakeholders are maintained.

REPORT OF **CORPORATE GOVERNANCE**

The Chairman of the Board and the Board Committees and CEO as well as the external auditors will be present and on hand to address all issues raised at the AGM, including any shareholders' queries about the conduct of the audit and in the preparation and content of the auditors' report. While the AGM of the Company is a principal forum for dialogue and interaction with all Shareholders, the Company will consider the use of other forums such as analyst briefings as and when applicable. All Directors (save for Dr Stephen Riady) have attended the 2019 AGM. An apology for absence was received from Dr Stephen Riady.

The Constitution of the Company allows members of the Company to appoint not more than two (2) proxies to attend and vote on their behalf at a general meeting. In line with the amendments to the Act, corporate shareholders of the Company who provide nominee or custodial services to third parties are allowed to appoint more than two (2) proxies to attend and vote on their behalf at general meetings.

Separate resolutions are proposed at general meetings for each distinct issue unless the issues are interdependent and linked so as to form one significant proposal. All resolutions are put to vote by poll in the presence of independent scrutineer. Votes cast, for or against, and the respective percentages on each resolution are announced via SGXNET on the same day of the general meeting.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and response from the Board and Management. These minutes will be available to shareholders upon request. The Company will upload the minutes to the Company's website from FY2019 onwards as soon as practicable after the conclusion of the forthcoming AGM.

The Company recognises the vitality on stakeholders engagement for the Company's long-term sustainability. The Company engages with key stakeholders such as patients, suppliers, employees, investors, as well as government and regulators, to align the Company's sustainable approach with their expectations. The Company formulates policies and activities to better understand the material topics that will affect them. Further information on how the Company identifies and engages the stakeholders and approach to material topics will be detailed in the sustainability report 2019 which will be published by May 2020.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividend will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion and other factors that the Board may deem appropriate. The Board had not declared or recommended dividend payment for FY2019 as the Company was not profitable for FY2019. The Company recognises creation of long -term stakeholders' value and having considered the stabilisation of the Company's business in the recent years, the Company would conserve cash to fund prospective investments, with an outlook of being able to recommend for dividend payment in future.

Dealing in Securities

The Company has adopted internal compliance policies in line with the requirements of Rule 1204(19) of the Catalist Rules on dealings in the Company's securities.

The Company prohibits its officers from dealing in the Company's shares on short term considerations or when they are in possession of unpublished price-sensitive information. As the Company has elected to voluntarily disclose its quarterly financial statements, the Company, its Directors and its officers are not allowed to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial results for each of the first three (3) quarters and one (1) month before the announcement of the Company's full year financial results, as the case may be, and ending on the date of the announcement of the relevant financial results.

REPORT OF **CORPORATE GOVERNANCE**

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such interested person transaction.

All interested person transactions will be documented and submitted periodically to the ARC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Group.

The Company does not have general mandate for interested person transactions. There were no interested person transactions entered into by the Group in excess of S$100,000 during the financial year under review.

Non-Sponsor Fees

There was no non-sponsor fee paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2019.

Material Contracts and Loans

Material Contracts and Loans pursuant to Rule 1204(8) of the Catalist Rules, save for the leases entered into with Alkas Realty Pte. Ltd. ("**Alkas**") on 30 November 2017 and 3 December 2018, as announced by the Company on the respective dates, save as disclosed herein, the Company confirmed that there were no other material contracts and loans of the Company and its subsidiaries involving the interests of CEO, any Director or controlling shareholder of the Company, either still subsisting at the end of FY2019 or if not then subsisting, which were entered into since the end of the previous financial year.

The tenure of the abovementioned leases with Alkas that are still subsisting in FY2019 are as follows:

– Master Lease Agreement signed on 30 November 2017 in relation to the lease of the Company's corporate office located at #10-09 and #10-09A at 6 Shenton Way, OUE Downtown 2, Singapore 068809 ("**OUE Downtown 2**") (for a period of thirty-six (36) months commenced on 1 August 2017 and expiring on 31 July 2020). Alkas had subsequently sold OUE Downtown 2 to DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**")) ("**DBS Trustee**"), which the sale was completed on 1 November 2018. In connection thereto, Alkas had entered into a Deed of Assignment with DBS Trustee on 1 November 2018 ("**Deed**") to assign all its rights, benefits and covenants under the Master Lease Agreement to DBS Trustee. Dr Stephen Riady remains as a controlling unitholder of OUE C-REIT before and after the execution of the Deed and therefore, has an interest in the Deed.

– Letters of Offer accepted on 4 December 2018 for leasing of premises located at #02-15 of 6A Shenton Way, Downtown Gallery, Singapore 068815 (for a period of five (5) years commenced on 4 May 2019 and expiring on 3 May 2024); and #03-11/12/13 of 6A Shenton Way, Downtown Gallery, Singapore 068815 (for a period of five (5) years commenced on 4 May 2019 and expiring on 3 May 2024).

REPORT OF **CORPORATE GOVERNANCE**

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

On 21 April 2017, the Company raised S$59.8 million (after deducting estimated expenses of S$0.2 million) from the issuance of T2 CN B ("**T2 CN B Net Proceeds**"). On 29 December 2017, the Company announced certain reallocation of the T2 CN B Net Proceeds and subsequent thereto, the Company had regrouped the initial intended 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 31 March 2020, the T2 CN B 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 31 March 2020 (S$ million)	Amount Unutilised as at 31 March 2020 (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	5.18	14.82
Total	**59.80**	**41.04**	**18.76**

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 which was released via SGX-ST on 2 July 2019.

SUSTAINABILITY REPORTING

The Company has published its sustainability report ("**SR**") since the financial year ended 31 December 2017 and such reports are made available to shareholders on the SGXNET and the Company's website.

As this is the third year of our sustainability reporting, we continue to report on the activities, data and information, where applicable as with our inaugural SR. The financial year of reporting for the third year SR falls within the financial year ended 31 December 2019 and would include data and information from 1 January 2019 to 31 December 2019. We continue to increase our efforts to improve on our report to supplement financial information giving the requisite of "descriptive and quantitative information on how business is conducted" and how environmental, social and governance factors ("**ESG**") are managed for sustainability into the future, in compliance with the Catalist Rules and Sustainability Reporting Guide. We aim to consistently enhance our approach in the communication and management of ESG factors arising from our business operations and build on the sustainability efforts integrated into our operations. Further information on our overall sustainability performance, including how we engage our stakeholders and approach to material topics will be detailed in our SR 2019, which will be released and be available at the Company's website and on the SGXNet by May 2020.

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

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

(A) DIRECTORS SEEKING RE-ELECTION

DIRECTORS SEEKING RE-ELECTION	MR SIN BOON ANN	MR ABRAM MELKYZEDECK SUHARDIMAN	MR CHEN YEOW SIN
Date of Appointment	26 April 2019	26 April 2019	21 July 2017
Date of last re-appointment	26 April 2019	26 April 2019	27 April 2018
Age	62	31	58
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Sin Boon Ann as the Independent Chairman be/was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Sin's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Abram Melkyzedeck Suhardiman as the Executive Director be/was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Suhardiman's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Chen Yeow Sin as the Lead Independent Director was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Chen's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	Yes. Mr Suhardiman continues to be the Deputy Chief Executive Officer of the Company and its subsidiaries.	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Chairman, a member of the Nominating Committee, the Remuneration Committee and the Audit and Risk Committee	Executive Director and Deputy Chief Executive Officer	Lead Independent Director, Chairman of the Audit and Risk Committee and the Nominating Committee and a member of the Remuneration Committee

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

DIRECTORS SEEKING RE-ELECTION	MR SIN BOON ANN	MR ABRAM MELKYZEDECK SUHARDIMAN	MR CHEN YEOW SIN
Professional qualifications	• Bachelor of Arts, National University of Singapore, 1982 • LL.B. (Hons), National University of Singapore, 1986 • LL.M., University of London, 1988 • Admitted to the Singapore Bar, 1987	• Master's Program in Finance, Hult International Business School, San Francisco, CA, USA, 2012 • Bachelor of Science in Business Administration, University of Southern California, Los Angeles, CA, USA, 2010	• Bachelor of Science (Honours) Degree, University of London • Fellow Singapore Chartered Accountant • Fellow Chartered Accountants in England and Wales
Working experience and occupation(s) during the past 10 years	March 2018 to Present Consultant, Drew & Napier LLC 2001 to March 2018 Director, Drew & Napier LLC 1996 to 2011 Member of Parliament, Tampines GRC	2020 Executive Director and Deputy Chief Executive Officer of the Company 2019 Executive Director and Chief Operating Officer of the Company 2017 to 2019 Chief Operating Officer of the Company 2015 to 2017 Vice President, Business Development & Investor Relations, Nuvest Capital 2013 to 2015 Analyst, The Abraaj Group 2012 to 2013 Business Development Manager, PT Artha Cipta Langgeng 2010 to 2011 Intern, Citibank N.A.	2012 to Present Managing Director, One Partnership PAC 2000 to 2012 Audit Partner, RT LLP

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

DIRECTORS SEEKING RE-ELECTION	MR SIN BOON ANN	MR ABRAM MELKYZEDECK SUHARDIMAN	MR CHEN YEOW SIN
Shareholding interest in the listed issuer and its subsidiaries	No	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	Son-in-law of Dr Stephen Riady, the Non-Independent Non-Executive Director of the Company	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments[1] Including Directorships			
Past (for the last 5 years)	Principal Commitments including Directorships 1. DrewCorp Services Pte. Ltd. 2. Drew & Napier LLC 3. OSIM International Pte. Ltd. 4. UT REIT (Pte.) Ltd. 5. UT TRUST (Pte.) Ltd. 6. Transcorp Holdings Limited 7. Swee Hong Limited 8. Courage Marine Group Limited 9. Datapulse Technology Limited	Principal Commitments including Directorships Nuvest Real Return Fund	Directorships 1. Imperium Crown Limited 2. Global Linen Pte. Ltd. 3. Da Tao Vibes Pte. Ltd. 4. Aiglon Pte. Ltd.

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

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

DIRECTORS SEEKING RE-ELECTION	**MR SIN BOON ANN**	**MR ABRAM MELKYZEDECK SUHARDIMAN**	**MR CHEN YEOW SIN**
Present	Directorships 1. Balkan Holdings Pte. Ltd. 2. The Farrer Park Company Limited 3. W Capital Markets Pte. Ltd. 4. TIH Limited 5. AT-Sunrice GlobalChef Academy Pte. Ltd. 6. Esseplore Pte. Ltd. 7. HRnetGroup Limited 8. Singapore Centre for Social Enterprise Ltd. (raiSE) 9. Rex International Holding Limited 10. SE Hub Ltd. 11. OUE Limited 12. Tampines Central Community Foundation Limited 13. CSE Global Limited Principal Commitments Drew & Napier LLC	Directorships City Ocean Group Limited	Principal Commitments including Directorships 1. One Consulting Group Pte. Ltd. 2. One Financial Advisory Services Pte. Ltd. 3. One e-Risk Services Pte. Ltd. 4. One Tax Services Pte. Ltd. 5. One Partnership PAC 6. One Outsource Services Pte. Ltd. Non-Executive (Authorised Representative) 1. Shin Nippon Biomedical, Singapore Branch 2. Uniplas Corporation, Singapore Branch
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

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

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

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

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

DIRECTORS SEEKING RE-ELECTION	MR SIN BOON ANN	MR ABRAM MELKYZEDECK SUHARDIMAN	MR CHEN YEOW SIN
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

DIRECTORS SEEKING RE-ELECTION	MR SIN BOON ANN	MR ABRAM MELKYZEDECK SUHARDIMAN	MR CHEN YEOW SIN
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of the followings in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?:–	No	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

DIRECTORS SEEKING RE-ELECTION	MR SIN BOON ANN	MR ABRAM MELKYZEDECK SUHARDIMAN	MR CHEN YEOW SIN
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
The following disclosures are applicable to the appointment of Director only.			
Any prior experience as a director of an issuer listed on the Exchange?	N.A.	N.A.	N.A.
If YES, please provide details of prior experience	N.A.	N.A.	N.A.
If NO, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange	N.A.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	N.A.	N.A.	N.A.

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

(B) NEW DIRECTOR

Pursuant to Rule 704(6) of the Catalist Rules and as set out in Appendix 7F of the Rules of Catalist, the information relating to Ms Poh Mui Hoon, who is proposed to be appointed as the Company's Independent Director is as set out below:–

NEW DIRECTOR	MS POH MUI HOON
Date of Appointment	At the forthcoming Annual General Meeting
Date of last re-appointment	N.A.
Age	58
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee and the Board having considered the qualifications and experiences of Ms Poh, is of the view that with Ms Poh's extensive experiences in digitization of healthcare business, involvements in technologies, cybersecurity and disruptive business models, she will be able to enhance the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, member of the Audit and Risk Committee, the Nominating Committee and the Chairman of the Remuneration Committee
Professional qualifications	• Executive Education, Wharton School, University of Pennsylvania, USA • Executive Education, Harvard University, USA • Executive Education, IMD, Switzerland • Master in Business Administration, Syracuse University, USA • Post Graduate Diploma in Systems Analysis, Institute of Systems Science, National University of Singapore • Bachelor in Business Administration, National University of Singapore
Working experience and occupation(s) during the past 10 years	<u>October 2018 to Present</u> Co-founder and Executive Director, Esseplore Pte. Ltd. <u>December 2014 to September 2017</u> Chief Executive Officer, SPTel Pte. Ltd. (formerly known as SP Telecommunications Pte Ltd) <u>January 2012 to May 2014</u> Group Chief Executive Officer, ICONZ-Webvisions Pte. Ltd. <u>February 2003 to April 2011</u> Group Chief Executive Officer, NETS Group (Network for Electronic Transfers Pte Ltd)

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

NEW DIRECTOR	MS POH MUI HOON
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes. Ms Poh is a shareholder, Executive Director and Co-Founder of Esseplore Pte. Ltd., a company in which Mr Sin Boon Ann ("**Mr Sin**"), the Independent Chairman of the Company is a shareholder, Executive Chairman and Founder of. Notwithstanding the pre-existing business relationship between Ms Poh and Mr Sin, the said relationship is not expected to affect Ms Poh's independence as an Independent Director of the Company.
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments[1] Including Directorships	
Past (for the last 5 years)	Directorships • Director, SP PowerGrid Limited • Independent Director, International Bridges to Justice Singapore Limited Principal Commitment Chief Executive Officer, SPTel Pte. Ltd. (formerly known as SP Telecommunications Pte Ltd)
Present	Directorships • Independent Director and Chairman, Technology Advisory Panel, Singapore Pools (Private) Limited. • Independent Director, SISTIC.com Pte Ltd • Board/Council Member, Singapore Institute of Directors • Independent Director and Chairman of Digital Committee, SATA CommHealth • Director/Owner, Plum One Ventures Pte. Ltd. • Director, Owner, Transform X Directorship and Principal Commitments Co-founder and Executive Director, Esseplore Pte. Ltd.
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

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

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

NEW DIRECTOR	MS POH MUI HOON
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

NEW DIRECTOR	**MS POH MUI HOON**
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of the followings in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?:–	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

ADDITIONAL INFORMATION ON NEW DIRECTOR AND **DIRECTORS SEEKING RE-ELECTION**

NEW DIRECTOR	**MS POH MUI HOON**
The following disclosures are applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange?	No
If yes, please provide details of prior experience	N.A.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange	The Company will arrange for Ms Poh to attend and complete the trainings on the roles and responsibilities of a director as prescribed by the Exchange.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	N.A.

DIRECTORS' **STATEMENT**

For the financial year ended 31 December 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the balance sheet of the Company as at 31 December 2019.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 64 to 131 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Sin Boon Ann	(Appointed on 26 April 2019)
Dr Stephen Riady	
Anand Kumar	
Chen Yeow Sin	
Lin Weiwen, Moses	
Abram Melkyzedeck Suhardiman	(Appointed on 26 April 2019)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' **STATEMENT**

For the financial year ended 31 December 2019

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		**Holdings in which director is deemed to have an interest**	
	At 31.12.2019	At 1.1.2019	**At 31.12.2019**	At 1.1.2019
Healthway Medical Corporation Limited				
(Number of ordinary shares)				
Dr Stephen Riady[1]	**–**	–	**1,848,641,265**	1,848,641,265

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

(b) The directors' interests in the ordinary shares of the Company as at 21 January 2020 were the same as those as at 31 December 2019.

SHARE OPTIONS

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

AUDIT AND RISK COMMITTEE ("ARC")

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

Chen Yeow Sin (Chairman)
Sin Boon Ann
Lin Weiwen, Moses

All members of the ARC are independent directors.

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

The ARC held five (5) meetings during the financial year. In performing its functions, the ARC had met with the Company's internal and external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system on the balance sheet of the Company and the consolidated financial statements of the Group.

The ARC reviewed the quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption. The ARC also reviewed interested person transactions (as defined in Chapter 9 of the Rules of Catalist) transacted during the financial year.

The ARC has full access to and the co-operation of the management of the Company for it to discharge its functions.

The external and internal auditors had unrestricted access to the ARC. The ARC is satisfied with the independence and objectivity of the external auditors.

As part of the Company's ongoing corporate governance initiatives and in order to align the auditor of its major shareholder, the ARC has reviewed and deliberated on the proposed change of auditors from PricewaterhouseCoopers LLP ("**PwC**") to Ernst & Young LLP ("**EY**"). EY has expressed its willingness to accept the appointment.

Having reviewed EY's independence and the ARC's opinion, EY is suitable for the appointment as the new auditors of the Company and the ARC has accordingly recommended to the Board that the appointment of EY as the new auditors of the Company will be tabled for the shareholders' approval at the forthcoming Annual General Meeting of the Company.

INDEPENDENT AUDITOR

The independent auditor, PwC, will not be seeking re-appointment at the forthcoming Annual General Meeting. EY has expressed its willingness to accept appointment as auditors.

On behalf of the directors

Chen Yeow Sin	Anand Kumar
Director	Director

31 March 2020

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF HEALTHWAY MEDICAL CORPORATION LIMITED

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of Healthway Medical Corporation Limited (the "**Company**") and its subsidiaries (the "**Group**") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2019;
- the balance sheet of the Group as at 31 December 2019;
- the balance sheet of the Company as at 31 December 2019;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

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

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF HEALTHWAY MEDICAL CORPORATION LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and brand names with indefinite useful lives	
As disclosed in Note 3(a) to the financial statements, management performed its annual impairment assessment over goodwill and brand names with indefinite useful lives. The recoverable amounts of each cash generating unit ("**CGU**") to which goodwill and brand names with indefinite useful lives belong to, were estimated by management based on the value-in-use ("**VIU**") of each CGU. As a result of the assessment performed by management, no impairment charge was found to be necessary for the financial year ended 31 December 2019. We focused on management's impairment assessment of goodwill and brand names with indefinite useful lives because the determination of the recoverable amounts requires significant judgement by management, particularly management's view of key internal inputs and external market conditions which impacts (1) the forecasted revenue growth rates which are key assumptions in the estimate of future cash flows and (2) the determination of the discount rate and long term growth rate, which are also key assumptions underlying the estimate of the recoverable amounts.	We have performed the following procedures to evaluate the Group's impairment assessment: • Assessed the appropriateness of the valuation methodology used; • Assessed the reasonableness of key assumptions based on our knowledge of the business and industry and with the involvement of our valuation specialists; • Performed sensitivity analysis on the key assumptions where we adjusted the revenue, discount rate and long term growth rate as these are the key assumptions to which the valuation models are the most sensitive; and • Tested source data to supporting evidence on a sample basis, such as approved budgets and available market data and considered the reasonableness of these budgets. Based on our work performed, we found that the judgements made by management to determine the revenue growth rate, discount rate and long term growth rate were reasonable.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF HEALTHWAY MEDICAL CORPORATION LIMITED

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF HEALTHWAY MEDICAL CORPORATION LIMITED

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

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

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 31 March 2020

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the financial year ended 31 December 2019

	Note	**2019**	2018
		$'000	$'000
Revenue	4	**114,247**	112,674
Other income	5	**1,601**	1,983
Other losses – net	6	**(1)**	(33)
Expenses by nature			
– Medical supplies, consumables and laboratory expenses		**(22,206)**	(21,669)
– Staff costs	7	**(74,716)**	(74,285)
– Depreciation of property, plant and equipment	15	**(10,891)**	(2,054)
– Amortisation of intangible assets	16(b)	*	(1)
– Rental on operating leases		**(326)**	(10,694)
– Impairment loss on trade and other receivables	12	**(1,044)**	(1,098)
– Finance expenses	8	**(1,032)**	(384)
– Other expenses		**(8,473)**	(10,373)
Total expenses		**(118,688)**	(120,558)
Share of loss of associate	14(b)	**(139)**	–
Loss before income tax		**(2,980)**	(5,934)
Income tax credit	9(a)	**41**	124
Total loss		**(2,939)**	(5,810)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
– Currency translation gains arising from consolidation – net		**49**	17
Other comprehensive income, net of tax		**49**	17
Total comprehensive loss		**(2,890)**	(5,793)
Total loss attributable to:			
Equity holders of the Company		**(2,939)**	(5,810)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(2,890)**	(5,793)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted loss per share	10	**(0.06)**	(0.13)

* Less than $1,000

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

BALANCE SHEETS – **GROUP AND COMPANY**

As at 31 December 2019

	Note	Group		Company	
		2019	2018	**2019**	2018
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and bank balances	11	**24,510**	33,381	**22,502**	31,010
Trade and other receivables	12	**16,650**	15,616	**330**	123
Inventories	13	**3,237**	2,926	**–**	–
		44,397	51,923	**22,832**	31,133
Non-current assets					
Other receivables	12	**2,617**	2,502	**143**	163
Investment in subsidiaries	14(a)	**–**	–	**213,287**	208,233
Investment in associate	14(b)	**1,969**	–	**1,969**	–
Property, plant and equipment	15	**27,069**	7,320	**729**	654
Intangible assets	16	**144,885**	142,552	**468**	221
		176,540	152,374	**216,596**	209,271
Total assets		**220,937**	204,297	**239,428**	240,404
LIABILITIES					
Current liabilities					
Trade and other payables	17	**19,858**	21,042	**3,013**	4,025
Current income tax liabilities	9(b)	**37**	84	**–**	–
Borrowings	18	**973**	389	**–**	–
Lease liabilities	19	**7,838**	–	**424**	–
		28,706	21,515	**3,437**	4,025
Non-current liabilities					
Borrowings	18	**2,403**	77	**–**	–
Deferred income tax liabilities	21	**1,178**	1,178	**–**	–
Provisions	20	**1,319**	968	**58**	58
Lease liabilities	19	**10,118**	–	**–**	–
Other payables		**140**	–	**–**	–
		15,158	2,223	**58**	58
Total liabilities		**43,864**	23,738	**3,495**	4,083
NET ASSETS		**177,073**	180,559	**235,933**	236,321
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	22	**277,433**	277,433	**277,433**	277,433
Treasury shares	22	**(438)**	–	**(438)**	–
Other reserves	22	**1,032**	748	**235**	–
Accumulated losses	23	**(100,954)**	(97,622)	**(41,297)**	(41,112)
Total equity		**177,073**	180,559	**235,933**	236,321

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2019

	Note	Share capital $'000	Treasury shares $'000	Share-based compensation reserve $'000	Currency translation reserve $'000	Accumulated losses $'000	Total equity $'000
2019							
Balance as at 31 December 2018		277,433	–	–	748	(97,622)	180,559
Adoption of SFRS(I) 16	2.2	–	–	–	–	(393)	(393)
Balance as at 1 January 2019		**277,433**	**–**	**–**	**748**	**(98,015)**	**180,166**
Loss for the year		–	–	–	–	(2,939)	(2,939)
Other comprehensive income for the year		–	–	–	49	–	49
Total comprehensive loss for the year		**–**	**–**	**–**	**49**	**(2,939)**	**(2,890)**
Purchase of treasury shares	22	–	(438)	–	–	–	(438)
Value of employee services	22	–	–	235	–	–	235
Total transactions with owners, recognised directly in equity		**–**	**(438)**	**235**	**–**	**–**	**(203)**
Balance as at 31 December 2019		**277,433**	**(438)**	**235**	**797**	**(100,954)**	**177,073**
2018							
Balance as at 1 January 2018		277,433	–	–	731	(91,812)	186,352
Loss for the year		–	–	–	–	(5,810)	(5,810)
Other comprehensive income for the year		–	–	–	17	–	17
Total comprehensive loss for the year		–	–	–	17	(5,810)	(5,793)
Balance as at 31 December 2018		277,433	–	–	748	(97,622)	180,559

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Loss before income tax		**(2,980)**	(5,934)
Adjustments for:			
– Depreciation of property, plant and equipment	15	**10,891**	2,054
– Amortisation of intangible assets	16	*****	1
– Loss on disposal of property, plant and equipment		**11**	123
– Property, plant and equipment written off		**262**	1,096
– Impairment loss on trade and other receivables	12	**1,044**	1,098
– (Write back of)/Provision for onerous lease contracts		**(109)**	1,225
– Loss on disposal of subsidiaries – net		**–**	70
– Interest expense	8	**1,032**	384
– Interest income	5	**(311)**	(387)
– Share-based compensation expense		**235**	–
– Share of loss of associate		**139**	–
– Unrealised currency translation loss – net		**1**	33
		10,215	(237)
Change in working capital:			
– Inventories		**(311)**	113
– Trade and other receivables		**(2,199)**	(926)
– Trade and other payables		**(1,132)**	(723)
– Provisions		**(170)**	(27)
Cash generated from/(used in) operations		**6,403**	(1,800)
Income tax paid		**(6)**	(46)
Net cash generated from/(used in) operating activities		**6,397**	(1,846)
Cash flows from investing activities			
Additions to property, plant and equipment		**(5,028)**	(2,607)
Additions to intangible assets		**(258)**	(221)
Acquisition of clinics		**(1,800)**	(300)
Proceeds on disposal of property, plant and equipment		**55**	397
Settlement of obligations – Wei Yi		**–**	(272)
Investment in an associate		**(2,108)**	–
Net cash inflow on disposal of subsidiaries		**–**	150
Interest received		**311**	387
Net cash used in investing activities		**(8,828)**	(2,466)

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2019

	Note	2019 $'000	2018 $'000
Cash flows from financing activities			
Purchase of treasury shares	22	**(438)**	–
Bank deposits pledged		**(50)**	(1)
Repayment of borrowings		**(86)**	(304)
Proceeds from other secured borrowings		**3,796**	–
Repayment of other secured borrowings		**(799)**	(575)
Principal payment of lease liabilities		**(7,887)**	–
Interest paid		**(1,024)**	(57)
Net cash used in financing activities		**(6,488)**	(937)
Net decrease in cash and cash equivalents		**(8,919)**	(5,249)
Cash and cash equivalents			
Beginning of financial year	11	**32,773**	38,023
Effects of currency translation on cash and cash equivalents		**(2)**	(1)
End of financial year	11	**23,852**	32,773

* Less than $1,000

Reconciliation of liabilities arising from financing activities

				Non-cash changes				
	1 January 2019 $'000	Proceeds $'000	Principal and interest payments $'000	Adoption of SFRS(I) 16 $'000	Addition $'000	Interest expense $'000	Disposal $'000	31 December 2019 $'000
Bank borrowings	86	–	(88)	–	–	2	–	–
Other secured borrowings/ Finance lease liabilities	380	3,796	(915)	–	–	115	–	3,376
Lease liabilities	–	–	(8,788)	16,422	11,682	901	(2,261)	17,956

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Healthway Medical Corporation Limited (the "**Company**") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 6 Shenton Way, #10-09, OUE Downtown 2, Singapore 068809.

The principal activities of the Company are those of an investment holding company and to carry on the business of healthcare management. The principal activities of its subsidiaries are set out in Note 14.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 Interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("**INT SFRS(I)**") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 *Leases*.

Adoption of SFRS(I) 16 Leases

(a) When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.14.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Interpretations and amendments to published standards effective in 2019 (Continued)

Adoption of SFRS(I) 16 Leases (Continued)

(a) When the Group is the lessee (Continued)

On initial application of SFRS(I) 16, the Group has elected to apply, on a lease-by-lease basis, the following practical expedients:

a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

b) Relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;

c) Accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and

d) Excluded initial direct costs in the measurement of the right-of-use ("**ROU**") asset at the date of initial application.

Any onerous lease provision is derecognised, and an equal amount is deducted from the carrying value of the relevant right-of-use asset.

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

i) On a lease-by-lease basis, the Group chose to measure its ROU assets at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019.

ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening accumulated losses. Comparative information is not restated.

(b) When the Group is a lessor

There are no material changes to accounting by the Group as a lessor except when the Group is an intermediate lessor (Note 2.2(c)).

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Interpretations and amendments to published standards effective in 2019 (Continued)

Adoption of SFRS(I) 16 Leases (Continued)

(c) When the Group is the intermediate lessor

The Group leases an underlying asset under a head lease arrangement and subleases the same asset as an intermediate lessor. Prior to the adoption of SFRS(I) 16, the sublease is classified as an operating lease when the head lease is an operating lease. The intermediate lessor recorded rental income in respect of the sublease on a straight-line basis over the term of the sublease and recorded rental expense in respect of the head lease on a straight-line basis over the term of the head lease.

Under SFRS(I) 16, accounting by the Group as an intermediate lessor depends on the classification of the sublease with reference to the ROU asset arising from the head lease rather than the underlying asset.

On 1 January 2019, the Group has reassessed the classification of the sublease based on the remaining contractual terms and condition of the head lease. Based on this assessment, some subleases of office space are reassessed as finance leases and $434,000 of net investment in subleases are recognised on 1 January 2019 within “Trade and other receivables”.

The accounting policy for subleases are disclosed in Note 2.14.

The effects of adoption of SFRS(I) 16 on the Group’s financial statements as at 1 January 2019 are as follows:

	Increase/ (decrease) $’000
Property, plant and equipment	14,290
Trade and other receivables	434
Lease liabilities	16,422
Trade and other payables	(1,348)
Accumulated losses	(393)

An explanation of the differences between the operating lease commitments previously disclosed in the Group’s financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

	$’000
Operating lease commitment disclosed as at 31 December 2018	19,556
Less: Committed non-cancellable leases with lease terms commencing after 1 January 2019	(3,079)
Less: Discounting effect using weighted average incremental borrowing rate of 5%	(1,234)
Add: Extension options which are reasonably certain to be exercised	1,179
Lease liabilities recognised as at 1 January 2019	16,422

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition

(a) *Provision of medical services*

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

(b) *Rental income*

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

(c) *Interest income*

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

2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

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

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

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(a) *Subsidiaries* (Continued)

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associate" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(b) *Transactions with non-controlling interests*

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

(c) *Associates*

Associates are entities over which the Group has significant influence, but not control.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) *Acquisition*

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associates over the Group's share of the fair value of the identifiable net assets of the associates, and is included in the carrying amount of the investments.

(ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associates' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associates are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associate equals to or exceeds its interest in the associates, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associates. If the associates subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associate includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(c) *Associates* (Continued)

(iii) *Disposals*

Investments in associates are derecognised when the Group loses significant influence. If the retained equity interest in the former associates is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associate" (Note 2.8) for the accounting policy on the investment in associate in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.7 on borrowing costs). The projected cost of restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) *Depreciation*

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

	Useful lives
Leasehold improvements	2 to 10 years
Medical equipment	5 to 10 years
Computers	1 to 3 years
Furniture, fittings and equipment	5 to 10 years
Signboards	2 to 10 years
Rights-of-use assets	1 to 8 years

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.5 **Property, plant and equipment** (Continued)

(b) *Depreciation* (Continued)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Certain commercial premises of the Group may have lease terms that are less than the estimated useful life of their leasehold improvements. For such leases, Management expects that the Group will be able to renew the current lease terms on their expiry based on historical trends of successive lease renewals and Management's future plans for these premises. In the event that the Group changes its plan for lease premises or is unable to renew their leases and vacates the relevant premises before the leasehold improvement is fully depreciated, the carrying value of leasehold improvements related to the vacated premises would be fully impaired.

(c) *Subsequent expenditure*

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

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.6 **Intangible assets**

(a) *Goodwill*

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

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

Gains and losses on the disposal of subsidiaries and associated company include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets (Continued)

(b) *Acquired brand names*

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

(c) *Acquired computer software licences*

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.7 Borrowing costs

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

2.8 Investments in subsidiaries and associate

Investments in subsidiaries and associate are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) *Goodwill and brand names*

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

For the purpose of impairment testing of goodwill and brand names, goodwill and brand names are allocated to each of the Group's cash-generating-units ("**CGU**") expected to benefit from synergies arising from the business combination.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (Continued)

(a) *Goodwill and brand names* (Continued)

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill and brand names, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill and brand names allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiaries and associate
Rights-of-use assets

Intangible assets (other than goodwill and brand names), property, plant and equipment, investments in subsidiaries and associate and rights-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill and brand names is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill and brand names is recognised in profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets

(a) *Classification and measurement*

The Group classifies its financial assets in the amortised cost measurement category.

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

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

At initial recognition

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

At subsequent measurement

(i) *Debt instruments*

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

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset. Only the amortised cost category is applicable to the Group.

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

(b) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost.

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

For cash and bank balances, deposits and other receivables, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(c) *Recognition and derecognition*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.11 Financial guarantees

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

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

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

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

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases

(a) *The accounting policy for leases before 1 January 2019 are as follows:*

(i) *When the Group is the lessee:*

The Group leases certain plant and machinery under finance leases and commercial and office premises under operating leases from non-related parties and a related party.

- *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

- *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(ii) *When the Group is the lessor:*

- *Lessor – Operating leases*

The Group leases commercial and office premises under operating leases to non-related parties and a related party.

Leases of commercial and office premises to non-related parties and a related party where the Group has leased under operating leases are classified as operating leases. Rental income from these operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (Continued)

(b) The accounting policy for leases from 1 January 2019 are as follows:

(i) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

  Right-of-use assets are presented within “Property, plant and equipment”.

- Lease liabilities

  The lease term used in the initial measurement of lease liability is the non-cancellable period of the lease period of a lease together with both the periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (Continued)

(b) *The accounting policy for leases from 1 January 2019 are as follows:* (Continued)

(i) *When the Group is the lessee:* (Continued)

- Lease liabilities (Continued)

Lease payments include the following:

– Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
– Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
– Amount expected to be payable under residual value guarantees;
– The exercise price of a purchase option if is reasonably certain to exercise the option; and
– Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

– There is a change in future lease payments arising from changes in an index or rate;
– There is a change in the Group's assessment of whether it will exercise an extension option; or
– There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (Continued)

(b) *The accounting policy for leases from 1 January 2019 are as follows:* (Continued)

(i) *When the Group is the lessee:* (Continued)

- Short term and low value leases

  The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

  Variable lease payments that are not based on an index or rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(ii) *When the Group is the lessor:*

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16 except when the Group is an intermediate lessor.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease within "Trade and other receivables". Any difference between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. The lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised. For contracts which contain lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Inventories

Inventories comprising pharmacy, medical and surgical supplies are measured at the lower of cost and net realisable value. The cost of inventories is determined based on the weighted average basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Allowance is made for all damaged, expired and slow-moving items.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associate, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill.

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions

Provisions for asset restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated.

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

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

The provision for restoration costs relates to the estimated costs of dismantling, removing and restoring the commercial premises to its original condition at the expiration of the lease period.

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(c) *Employee leave entitlement*

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee compensation (Continued)

(d) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan for certain employees. The value of the employee services received in exchange for the award of shares is recognised as an expense with a corresponding increase in the share-based compensation reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the shares granted on grant date.

At each balance sheet date, the Group revises its estimate of the number of shares that are expected to be awarded on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based compensation reserve.

When the awarded shares are issued, the related balance previously recognised in the share-based compensation reserves are credited to the share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

2.19 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company. All information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

All foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains/(losses)".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Currency translation (Continued)

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.22 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("**treasury shares**"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. **SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.22 **Share capital and treasury shares** (Continued)

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in capital reserve.

2.23 **Dividends to Company's shareholders**

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.24 **Government grants**

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

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

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

3. **CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

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

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

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

Discount rate (pre-tax)	8.8%-9.2%
Terminal growth rate	2.0%
Revenue growth rate	2.0%-5.8%

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

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

Brand names arise from the acquisition of subsidiaries. In the assessment of the useful lives of the brand names, management has performed an analysis on the relevant factors including the strength and durability of the brands in the industry. Management has also considered the Group's market share, stability and profitability of the market sectors that are of similar risk profiles that the brands relate to, and concluded that the risk of market-related factors causing a reduction in the useful lives of the brand names is relatively low. The Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factors which could limit the brand names' useful lives.

Based on the above mentioned factors, Management has applied its judgement in concluding that there is no foreseeable limit to the period over which the brand names are expected to generate net cash inflows for the Group and hence, brand names are not amortised. These calculations require the use of estimates (Note 16).

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

4. REVENUE

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

	Group	
	2019	2018
	$'000	$'000
Medical services	**114,247**	112,674

Revenue recognised in relation to deferred income:

	Group	
	2019	2018
	$'000	$'000
Revenue recognised in current period that was included in deferred income at the beginning of the period – Medical services	**334**	897

5. OTHER INCOME

	Group	
	2019	2018
	$'000	$'000
Interest income		
– Bank deposits	**301**	384
– Trade receivables	**10**	3
	311	387
Government grant income		
– Wage Credit Scheme	**259**	383
– Special Employment Credit	**62**	83
Finance income on net investment in the sublease (Note 12)	**18**	–
Rental income	**345**	526
Others	**606**	604
	1,601	1,983

6. OTHER LOSSES – NET

	Group	
	2019	2018
	$'000	$'000
Foreign exchange loss – net	**1**	33

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

7. STAFF COSTS

	Group	
	2019	2018
	$'000	$'000
Wages and salaries	**70,281**	70,064
Employer's contribution to defined contribution plans including Central Provident Fund	**4,200**	4,221
Share-based compensation expense	**235**	–
	74,716	74,285

8. FINANCE EXPENSES

	Group	
	2019	2018
	$'000	$'000
Interest expense		
– Bank borrowings	**2**	9
– Other secured borrowings/Finance lease liabilities	**115**	48
– Lease liabilities	**901**	–
– Discounting of non-current deposits	**8**	327
Others	**6**	–
	1,032	384

9. INCOME TAXES

(a) Income tax credit

	Group	
	2019	2018
	$'000	$'000
Tax expense attributable to profit is made up of:		
Over provision in prior financial years:		
Current income tax	**(41)**	(63)
Deferred income tax (Note 21)	**–**	(61)
	(41)	(124)

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

9. **INCOME TAXES** (CONTINUED)

(a) Income tax credit (Continued)

	Group	
	2019	2018
	$'000	$'000
Loss before income tax	**(2,980)**	(5,934)
Tax calculated at tax rate of 17% (2018: 17%)	**(507)**	(1,009)
Effects of:		
– over provision in prior years	**(41)**	(124)
– expenses not deductible for tax purposes	**241**	572
– income not subject to tax	**(210)**	–
– tax losses not recognised	**413**	286
– utilisation of previously unrecognised tax losses	**(1)**	(11)
– others	**64**	162
Tax credit	**(41)**	(124)

Additional tax assessment

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

On 21 December 2018, the Company received an additional notice of assessment for the Year of Assessment 2014 ("**YA 2014**") from the Inland Revenue Authority of Singapore ("**IRAS**") showing a tax payable amounting to $7.4 million on account of a gain on disposal of the AFS in YA 2014. The Company is of the view that this gain on disposal of the AFS is capital in nature and hence not taxable, and has filed a notice of objection and appealed its case to the IRAS. On 13 December 2019, the IRAS has completed their review of the Company's notice of objection with no further tax assessment raised. Therefore, the Company made no further tax provisions.

(b) Movement in current income tax liabilities

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**84**	193	**–**	–
Income tax paid	**(6)**	(46)	**–**	–
Over provision in prior financial years	**(41)**	(63)	**–**	–
End of financial year	**37**	84	**–**	–

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

10. LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2019	2018
Net loss attributable to equity holders of the Company ($'000)	**(2,939)**	(5,810)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	**4,523,770**	4,528,792
Basic loss per share (cents per share)	**(0.06)**	(0.13)

Diluted loss per share for the financial years ended 31 December 2019 and 31 December 2018 are computed on the same basis as basic loss per share as there were no potential ordinary shares outstanding at the balance sheet date.

11. CASH AND BANK BALANCES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**9,437**	7,338	**8,049**	5,586
Short-term bank deposits	**15,073**	26,043	**14,453**	25,424
	24,510	33,381	**22,502**	31,010

The bank deposits of the Group include $658,000 pledged as security for certain banker's guarantee (31 December 2018: $608,000).

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

	Group	
	2019	2018
	$'000	$'000
Cash and bank balances (as above)	**24,510**	33,381
Less: Bank deposits pledged as security	**(658)**	(608)
Cash and cash equivalents per consolidated statement of cash flows	**23,852**	32,773

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables	**19,872**	17,077	**–**	–
Unbilled receivables	**2,496**	3,081	**–**	–
	22,368	20,158	**–**	–
Allowance for impairment loss	**(7,225)**	(6,539)	**–**	–
Net receivables	**15,143**	13,619	**–**	–
Other receivables				
– related parties	**54**	41	**44**	32
– non-related parties	**5,089**	5,775	**4,548**	4,575
Allowance for impairment loss	**(4,878)**	(5,039)	**(4,527)**	(4,527)
	265	777	**65**	80
Finance lease receivables (Note (a))	**202**	–	**141**	–
Deposits	**524**	823	**72**	–
Prepayments	**516**	397	**52**	43
	16,650	15,616	**330**	123
Non-current				
Amounts due from Wei Yi				
– Loans receivable	**–**	37,269	**–**	–
– Allowance for impairment loss	**–**	(37,269)	**–**	–
	–	–	**–**	–
Finance lease receivables (Note (a))	**75**	–	**–**	–
Deposits	**2,542**	2,502	**143**	163
	2,617	2,502	**143**	163

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For the financial year ended 31 December 2019

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**48,847**	47,891	**4,527**	4,527
Allowance made	**1,044**	1,098	**–**	–
Utilised	**(37,788)**	(35)	**–**	–
Disposal of subsidiary	**–**	(107)	**–**	–
End of financial year	**12,103**	48,847	**4,527**	4,527

(a) Finance lease receivables

As at 31 December 2019, the finance lease receivables relate to subleases which were classified as finance lease on adoption of SFRS(I) 16, as disclosed in Note 15(a). Finance income on the net investment in sublease during the financial year is $18,000.

The fair value of non-current finance lease receivables approximate their carrying amounts and is computed based on cash flows discounted at market borrowing rates of 4.5%. The fair values are within level 2 of the fair value hierarchy.

The following table shows the maturity analysis of the undiscounted lease payments to be received:

	Group		Company	
	31 December 2019	1 January 2019*	**31 December 2019**	1 January 2019*
	$'000	$'000	**$'000**	$'000
Less than one year	**209**	268	**143**	245
One to two years	**63**	165	**–**	143
Two to three years	**14**	19	**–**	–
	286	452	**143**	388
Less: Unearned finance income	**(9)**	(18)	**(2)**	(14)
Net investment in finance leases	**277**	434	**141**	374

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For the financial year ended 31 December 2019

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Finance lease receivables (Continued)

	Group		Company	
	31 December 2019	1 January 2019*	**31 December 2019**	1 January 2019*
	$'000	$'000	**$'000**	$'000
Current	**202**	253	**141**	233
Non-current	**75**	181	**–**	141
Net investment in finance leases	**277**	434	**141**	374

* The sublease which was classified as an operating lease under SFRS(I) 1-17 is reassessed at the date of initial application. The sublease is classified as finance lease based on the reassessment and hence the Group accounts for the sublease as a new finance lease entered into at the date of initial application.

13. INVENTORIES

	Group	
	2019	2018
	$'000	$'000
At cost		
Pharmacy, medical and surgical supplies	**3,237**	2,926

14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE

(a) Investment in subsidiaries

	Company	
	2019	2018
	$'000	$'000
Equity investments at cost	**37,343**	37,343
Amounts due from subsidiaries (non-trade)	**223,835**	260,346
Less: Allowance for impairment loss	**(47,891)**	(89,456)
	213,287	208,233

Non-trade amounts due from subsidiaries are unsecured and interest-free. The settlement of these amounts is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investments in these subsidiaries, they are stated at cost less accumulated impairment loss.

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For the financial year ended 31 December 2019

14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE (CONTINUED)

(a) Investment in subsidiaries (Continued)

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

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding	
			31 December	
			2019	2018
			%	%
Held by the Company				
China Healthway Pte. Ltd.[3]	Investment holding	Singapore	**100**	100
Healthway Medical Group Pte Ltd [1]	Practice of general medical practitioners	Singapore	**100**	100
Unimedic Pte. Ltd. [1]	Investment holding	Singapore	**100**	100
Vista Medicare Pte. Ltd. [4]	Provision of managed healthcare	Singapore	**100**	100
Held by China Healthway Pte. Ltd.				
China Unimedic Pte. Ltd. [3]	Investment holding	Singapore	**100**	100
Crane Medical Pte. Ltd. [1]	Investment holding	Singapore	**100**	100
Held by Healthway Medical Group Pte Ltd				
Healthway Medical Enterprises Pte Ltd [1]	Provision of medical services and sale of drugs and medical supplies	Singapore	**100**	100
Held by Unimedic Pte. Ltd.				
Aaron Dentalcare Pte. Ltd. [4] [5]	Practice of dental surgery and operation of dental clinics	Singapore	**–**	100
Aaron Seow International Pte Ltd [4] [5]	Practice of dental surgery and operation of dental clinics	Singapore	**–**	100
Island Orthopaedic Consultants Pte Ltd [1]	Provision of orthopaedic services and operation of medical clinics	Singapore	**100**	100
Healthway Dental Pte. Ltd. [4]	Practice of dental surgery and operation of dental clinics	Singapore	**100**	100
Popular Dental (Woodlands) Pte. Ltd. [4] [5]	Practice of dental surgery and operation of dental clinics	Singapore	**–**	100

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE (CONTINUED)

(a) Investment in subsidiaries (Continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding	
			31 December	
			2019	2018
			%	%
Thomson Paediatric Clinic Pte Ltd [1] [6]	Provision of paediatric services and operation of medical clinics	Singapore	**–**	100
Universal Dentalcare Pte Ltd [4] [5]	Practice of dental surgery and operation of dental clinics	Singapore	**–**	100
Universal Dental Group (Braddell) Pte. Ltd. [4] [5]	Practice of dental surgery and operation of dental clinics	Singapore	**–**	100
Universal Dental Group (Woodlands) Pte. Ltd. [4] [5]	Practice of dental surgery and operation of dental clinics	Singapore	**–**	100
SBCC Clinic Pte Ltd [1]	Provision of paediatric services and operation of medical clinics	Singapore	**100**	100
Silver Cross Healthcare Pte Ltd [1]	Practice of general medical practitioners	Singapore	**100**	100
Held by SBCC Clinic Pte Ltd				
SBCC Women's Clinic Pte. Ltd. [1]	Provision of gynaecology services and operation of medical clinics	Singapore	**100**	100
Held by Aaron Seow International Pte Ltd				
Aaron CTP Dental Surgery Pte. Ltd. [4] [5]	Practice of dental surgery and operation of dental clinics	Singapore	**–**	100
Held by Crane Medical Pte. Ltd.				
Kang Wei Investment Consultancy (Shanghai) Co., Ltd. [2]	Provision of medical services and consultancy	China	**100**	100

(1) Audited by PricewaterhouseCoopers LLP, Singapore
(2) Audited by EunaCon Perfect Alliance CPA Partnership
(3) Audited by Gleneagle Trust
(4) Audited by Ardent Associates LLP
(5) Amalgamated with Healthway Dental Pte. Ltd. during the financial year
(6) Amalgamated with SBCC Clinic Pte Ltd during the financial year

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE (CONTINUED)

(b) Investment in associate

	Company	
	2019	2018
	$'000	$'000
Equity investments at cost		
Beginning of financial year	**–**	–
Addition	**2,108**	–
Share of loss of associate	**(139)**	–
End of financial year	**1,969**	–

Set out below is the associate of the Group.

Name of entity	**Principal activities**	**Country of incorporation**	**Equity holding**	
			31 December	
			2019	2018
			%	%
Held by the Company				
Fully Holdings Pte. Ltd.	Investment holding	Singapore	**16.67**	–

During the financial year ended 31 December 2019, the Group acquired a 16.67% equity interest in Fully Holdings Pte. Ltd., a company incorporated in Singapore for a total cash consideration of $2,000,000 excluding transaction costs. Fully Holdings Pte. Ltd. is considered to be an associated company as the Group can exercise significant influence through board representation.

Fully Holdings Pte. Ltd. is an investment holding company with two wholly-owned subsidiaries. The principal activities of the subsidiaries is the provision of an all-in-one employee benefits platform for small and medium-sized enterprises that provides personalised healthcare coverage for employees and simplifies benefits administration for business owners, and provision of corporate insurance sales to small and medium-sized enterprises.

There are no contingent liabilities relating to the Group's interest in the associate.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

14. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATE (CONTINUED)

(b) Investment in associate (Continued)

Summarised unaudited financial information for associate

Summarised balance sheet

	Fully Holdings 2019 $'000
Current assets	1,317
Current liabilities	(291)
Non-current assets	10
Non-current liabilities	–

Summarised statement of comprehensive income

	Fully Holdings 2019 $'000
Revenue	872
Loss for the financial year	(934)
Total comprehensive loss for the financial year	(934)

The information above reflects the amounts presented in the unaudited financial statements of the associate (and not the Group's share of those amounts).

Reconciliation of summarised financial information

	Fully Holdings	
	2019 $'000	2018 $'000
Net assets	**1,036**	–
Group's equity interest	**16.67%**	–
Group's share of net asset	**173**	–
Goodwill	**1,796**	–
Carrying value	**1,969**	–

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements $'000	Medical equipment $'000	Computers $'000	Furniture, fittings and equipment $'000	Signboards $'000	Assets in progress $'000	Right-of-use assets (Note (a)) $'000	Total $'000
Group								
2019								
Cost								
Beginning of financial year	6,507	4,012	1,269	977	93	228	–	13,086
Adoption of SFRS(I) 16 (Note 2.2)	–	–	–	–	–	–	25,886	25,886
	6,507	4,012	1,269	977	93	228	25,886	38,972
Additions	2,498	1,147	200	254	118	1,345	11,553	17,115
Disposals	(702)	(407)	(163)	(132)	(5)	(15)	(1,689)	(3,113)
Reclassification	1,301	93	78	15	–	(1,487)	–	–
End of financial year	9,604	4,845	1,384	1,114	206	71	35,750	52,974
Accumulated depreciation and impairment losses								
Beginning of financial year	2,609	1,814	1,010	321	12	–	–	5,766
Adoption of SFRS(I) 16 (Note 2.2)	–	–	–	–	–	–	11,596	11,596
	2,609	1,814	1,010	321	12	–	11,596	17,362
Depreciation charge	1,263	568	186	124	15	–	8,735	10,891
Disposals	(449)	(340)	(163)	(107)	(5)	–	(1,284)	(2,348)
End of financial year	3,423	2,042	1,033	338	22	–	19,047	25,905
Net book value								
End of financial year	**6,181**	**2,803**	**351**	**776**	**184**	**71**	**16,703**	**27,069**

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvements $'000	Medical equipment $'000	Computers $'000	Furniture, fittings and equipment $'000	Signboards $'000	Assets in progress $'000	Right-of-use assets (Note (a)) $'000	Total $'000
2018								
Cost								
Beginning of financial year	6,908	5,253	1,361	848	201	–	–	14,571
Additions	2,015	142	177	439	76	228	–	3,077
Disposals	(2,383)	(622)	(269)	(305)	(184)	–	–	(3,763)
Disposals of subsidiary	–	(761)	–	(5)	–	–	–	(766)
Reversal	(33)	–	–	–	–	–	–	(33)
End of financial year	6,507	4,012	1,269	977	93	228	–	13,086
Accumulated depreciation and impairment losses								
Beginning of financial year	2,718	1,965	1,115	329	132	–	–	6,259
Depreciation charge	1,079	699	141	120	15	–	–	2,054
Disposals	(1,188)	(425)	(246)	(126)	(135)	–	–	(2,120)
Disposal of subsidiary	–	(398)	–	(2)	–	–	–	(400)
Impairment	–	(27)	–	–	–	–	–	(27)
End of financial year	2,609	1,814	1,010	321	12	–	–	5,766
Net book value								
End of financial year	3,898	2,198	259	656	81	228	–	7,320

During the financial year ended 31 December 2019, the Group obtained secured borrowings to finance the acquisitions of certain property, plant and equipment of which $2,575,000 relates to acquisition in the current financial year and $1,221,000 relates to acquisition in FY2018.

At balance sheet date, borrowings are secured on property, plant and equipment of the Group with carrying amount of $2,865,000 (2018: $899,000).

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvements $'000	Computer $'000	Furniture, fittings and equipment $'000	Assets in progress $'000	Right-of-use assets (Note (a)) $'000	Total $'000
Company						
2019						
Cost						
Beginning of financial year	785	25	17	16	–	843
Adoption of SFRS(I) 16 (Note 2.2)	–	–	–	–	1,333	1,333
	785	25	17	16	1,333	2,176
Additions	–	9	–	1	47	57
Reclassification	–	17	–	(17)	–	–
End of financial year	785	51	17	–	1,380	2,233
Accumulated depreciation and impairment losses						
Beginning of financial year	186	1	2	–	–	189
Adoption of SFRS(I) 16 (Note 2.2)	–	–	–	–	818	818
	186	1	2	–	818	1,007
Depreciation charge	131	13	2	–	351	497
End of financial year	317	14	4	–	1,169	1,504
Net book value						
End of financial year	**468**	**37**	**13**	**–**	**211**	**729**
2018						
Cost						
Beginning of financial year	818	–	11	–	–	829
Additions	–	25	6	16	–	47
Adjustment	(33)	–	–	–	–	(33)
End of financial year	785	25	17	16	–	843
Accumulated depreciation and impairment losses						
Beginning of financial year	34	–	1	–	–	35
Depreciation charge	152	1	1	–	–	154
End of financial year	186	1	2	–	–	189
Net book value						
End of financial year	599	24	15	16	–	654

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

15. **PROPERTY, PLANT AND EQUIPMENT** (CONTINUED)

(a) Right-of-use assets

ROU assets acquired under leasing arrangements are related to commercial and office premises that are used for the Group's clinic operations and the Company's corporate headquarters respectively.

Some of these ROU assets are subleased and can be classified as either operating leases or finance lease.

Subleases – classified as operating leases

The Group acts as an intermediate lessor under arrangement in which it subleases out commercial premises to third parties for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the subleases are classified as operating leases.

Income from subleasing the commercial premises recognised during the financial year 2019 was $345,000 (2018: $526,000) (Note 5).

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	31 December 2019 $'000	**1 January 2019 $'000**
Less than one year	**224**	345
One to two years	**75**	224
Two to three years	**1**	75
Three to four years	**–**	1
	300	645

Subleases – classified as finance leases

For some of the Group's leasing arrangements, the Group acts as an intermediate lessor in which it subleases out commercial and office premises to third parties and a related party for monthly lease payments. Such subleases are classified as finance lease because the subleases are for a majority of or the entire remaining lease term of the head leases.

ROU assets relating to the head leases with subleases classified as finance lease is derecognised. The net investment in the subleases is recognised under "Trade and other receivables" (Note 12(a)).

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

16. INTANGIBLE ASSETS

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Composition:				
Goodwill arising on consolidation (Note (a))	**112,009**	109,923	**–**	–
Brand names (Note (a))	**32,394**	32,394	**–**	–
Computer software licences (Note (b))	**14**	14	**–**	–
Computer software in progress (Note (c))	**468**	221	**468**	221
	144,885	142,552	**468**	221

(a) Goodwill arising from consolidation and brand names

	Goodwill	Brand names	Total
	$'000	**$'000**	**$'000**
Group			
2019			
Cost			
Beginning of financial year	**199,379**	**32,394**	**231,773**
Addition (Note 25)	**2,086**	**–**	**2,086**
	201,465	**32,394**	**233,859**
Accumulated impairment losses			
Beginning and end of financial year	**89,456**	**–**	**89,456**
Net book value			
End of financial year	**112,009**	**32,394**	**144,403**
2018			
Cost			
Beginning of financial year	199,079	32,394	231,473
Addition	300	–	300
	199,379	32,394	231,773
Accumulated impairment losses			
Beginning and end of financial year	89,456	–	89,456
Net book value			
End of financial year	109,923	32,394	142,317

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

16. **INTANGIBLE ASSETS** (CONTINUED)

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

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

For the purpose of impairment testing, goodwill and brand names with indefinite useful lives are allocated to the respective Singapore operating divisions ("**cash-generating units**" or "**CGUs**").

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 2019 $'000	Accumulated impairment losses 2019 $'000	Brand names 2019 $'000	Net book value 2019 $'000	Net book value 2018 $'000
Service groups					
Family medicine	69,024	(4,500)	8,000	72,524	70,438
Dentistry	7,191	(7,191)	–	–	–
Paediatrics	60,761	(46,911)	9,656	23,506	23,506
Orthopaedics	35,196	(18,293)	9,657	26,560	26,560
Wellness and aesthetic	4,657	(4,657)	–	–	–
Obstetrics & gynaecology	3,792	(1,904)	–	1,888	1,888
Nobel specialist	20,844	(6,000)	5,081	19,925	19,925
	201,465	**(89,456)**	**32,394**	**144,403**	**142,317**

The recoverable amount of each CGU was determined based on its value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated terminal growth rate stated below. The terminal growth rate did not exceed the long-term average growth rate for the healthcare industry in Singapore.

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

- The anticipated annual revenue growth rate for each CGU included in the cash flow projections ranged between 2.0% to 5.8% (2018: 0.5% to 5.8%) per annum for years 2020 to 2024.
- The pre-tax discount rate for each CGU included in the cash flow projections was approximately 8.8% to 9.2% (2018: 9.3% to 9.7%).
- The anticipated terminal growth rate for each CGU was approximately 2.0% (2018: 2.0%).

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

- The anticipated annual cost growth rate for each CGU was at 3.0% (2018: 3.0%) for the years 2020 to 2024, which takes into consideration expected annual inflation rates in Singapore.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

16. INTANGIBLE ASSETS (CONTINUED)

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

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

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

Based on management's assessment, no impairment loss has been made on the CGUs for the financial year ended 31 December 2019 (2018: no impairment loss was made for the financial year).

Sensitivity analysis

An unfavourable change by 10% (2018: 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.

(b) Computer software licenses

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Cost				
Beginning and end of financial year	**1,670**	1,670	**1,448**	1,448
Accumulated amortisation				
Beginning of financial year	**1,656**	1,655	**1,448**	1,448
Amortisation for the year	*	1	**–**	–
End of financial year	**1,656**	1,656	**1,448**	1,448
Net book value				
End of financial year	**14**	14	**–**	–

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

16. INTANGIBLE ASSETS (CONTINUED)

(c) Computer software in progress

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Cost				
Beginning of financial year	**221**	–	**221**	–
Addition	**247**	221	**247**	221
End of financial year	**468**	221	**468**	221
Accumulated amortisation				
Beginning and end of financial year	**–**	–	**–**	–
Net book value				
End of financial year	**468**	221	**468**	221

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade payables to:				
– non-related parties	**7,000**	6,538	**–**	–
Other payables to:				
– non-related parties	**2,179**	2,653	**494**	461
– related parties	**18**	97	**2**	67
– subsidiaries	**–**	–	**1,462**	2,258
	2,197	2,750	**1,958**	2,786
Deferred income	**460**	512	**–**	–
Accruals for operating expenses	**10,201**	11,242	**1,055**	1,239
	19,858	21,042	**3,013**	4,025

The non-trade amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand. Included in accruals for operating expenses is a provision for onerous lease contract amounting to $nil (2018: $1,225,000).

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

NOTES TO THE **FINANCIAL STATEMENTS**

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18. BORROWINGS

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Current				
Bank borrowings	**–**	86	**–**	–
Other secured borrowings/ Finance lease liabilities	**973**	303	**–**	–
	973	389	**–**	–
Non-current				
Other secured borrowings/ Finance lease liabilities	**2,403**	77	**–**	–
	2,403	77	**–**	–
Total borrowings	**3,376**	466	**–**	–

(a) Security granted

Finance lease liabilities of the Group are effectively secured over property, plant and equipment (Note 15), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of these finance lease liabilities. On the adoption of SFRS(I) 16, these finance lease liabilities as at 31 December 2018 are re-assessed to be borrowings that finance the Group's in-substance purchases of the underlying assets. As such these finance lease liabilities are reclassified to other secured borrowings on 1 January 2019.

(b) Fixed rate bank borrowing amounting $86,000 as at 31 December 2018 bearing interest rate 2.8% have been fully paid in 2019. There are no floating rate borrowings as at 31 December 2019 and as at 31 December 2018.

(c) Bank borrowings and other loans comprise:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Facilities:				
3-year term loan	**–**	86	**–**	–

As at 31 December 2018, the Group's Singapore dollar bank loans are 3-year term loan facilities of which $86,000 is guaranteed by certain employees of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

18. BORROWINGS (CONTINUED)

(c) Bank borrowings and other loans comprise: (Continued)

The exposure of other secured borrowings/finance lease liabilities of the Group and of the Company to interest rate changes at the balance sheet dates are as follows:

	Group	
	2019	2018
	$'000	$'000
Minimum lease payments due		
– Not later than one year (undiscounted)	**1,112**	316
– Between one and five years (undiscounted)	**2,560**	79
	3,672	395
Less: Future finance charges	**(296)**	(15)
Present value of other secured borrowings/finance lease liabilities	**3,376**	380

The present values of other secured borrowings/finance lease liabilities are analysed as follows:

	Group	
	2019	2018
	$'000	$'000
Not later than one year	**973**	303
Between one and five years	**2,403**	77
Total	**3,376**	380

19. LEASE LIABILITIES

Lease liabilities arise from the Group's leasing activities as a lessee of office and commercial premises, as disclosed in Note 15. The interest expense on lease liabilities is disclosed in Note 8.

The exposure of lease liabilities of the Group and of the Company to interest rate changes at the balance sheet dates are as follows:

	Group	**Company**
	2019	**2019**
	$'000	**$'000**
Minimum lease payments due		
– Not later than one year (undiscounted)	**8,416**	**430**
– Between one and five years (undiscounted)	**10,540**	**–**
– More than five years (undiscounted)	**366**	**–**
	19,322	**430**
Less: Future finance charges	**(1,366)**	**(6)**
Present value of finance lease liabilities	**17,956**	**424**

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

19. LEASE LIABILITIES (CONTINUED)

The present values of lease liabilities are analysed as follows:

	Group 2019 $'000	Company 2019 $'000
Not later than one year	**7,838**	**424**
Between one and five years	**9,768**	**–**
More than five years	**350**	**–**
Total	**17,956**	**424**

Lease expense not capitalised in lease liabilities	2019 $'000
Lease expenses – short term leases	**267**
Lease expenses – low-value leases	**59**
Total	**326**

Total cash outflow for all the leases in 2019 was approximately $9,114,000.

20. PROVISIONS

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Provision for restoration costs	**1,319**	968	**58**	58

Movement in provision for restoration cost is as follows:

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Beginning of financial year	**968**	658	**58**	80
Provision utilised	**(53)**	(135)	**–**	–
Provision made/(reversed) – net	**404**	445	**–**	(22)
End of financial year	**1,319**	968	**58**	58

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

21. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Movement in deferred income tax liabilities is as follows:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Beginning of financial year	**1,178**	1,297	**–**	–
Over provision in prior financial years	**–**	(61)	**–**	–
Disposal of subsidiary	**–**	(58)	**–**	–
End of financial year	**1,178**	1,178	**–**	–

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through taxable profits is probable. The Group has unrecognised tax losses of $8,901,000 (2018: $6,477,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in Singapore. These tax losses have no expiry dates.

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

Group

Deferred income tax liabilities

	Accelerated tax depreciation $'000	**Brand names $'000**	**Total $'000**
2019			
Beginning and end of financial year	**(361)**	**(901)**	**(1,262)**
2018			
Beginning of financial year	(480)	(901)	(1,381)
Disposal of subsidiary	58	–	58
Charged to profit or loss:			
– Over-provision in prior financial years	61	–	61
End of financial year	(361)	(901)	(1,262)

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

21. DEFERRED INCOME TAXES (CONTINUED)

Group (Continued)

Deferred income tax assets

	Employee benefits $'000
2019	
Beginning and end of financial year	**84**
2018	
Beginning and end of financial year	84

Company

Deferred income tax liabilities

	Accelerated tax depreciation $'000
2019	
Beginning and end of financial year	**(13)**
2018	
Beginning and end of financial year	(13)

Deferred income tax assets

	Employee benefits $'000
2019	
Beginning and end of financial year	**13**
2018	
Beginning and end of financial year	13

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

22. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES

	No. of ordinary shares		Amount	
Group and Company	Issued share capital '000	Treasury shares '000	Share capital $'000	Treasury shares $'000
2019				
Beginning of financial year	**4,528,792**	**–**	**277,433**	**–**
Treasury shares purchased	**–**	**(17,566)**	**–**	**(438)**
End of financial year	**4,528,792**	**(17,566)**	**277,433**	**(438)**
2018				
Beginning and end of financial year	4,528,792	–	277,433	–

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

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

Treasury shares

The Company acquired 17,565,800 shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was $438,000 and this was presented as a component within shareholders' equity.

Other reserves

Composition:

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Share-based compensation reserve	**235**	–	**235**	–
Currency translation reserve	**797**	748	**–**	–
	1,032	748	**235**	–

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

22. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES (CONTINUED)

Other reserves (Continued)

Movement:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Share-based compensation reserve:				
Beginning of financial year	**–**	–	**–**	–
– Value of employee services	**235**	–	**235**	–
End of financial year	**235**	–	**235**	–
Currency translation reserve:				
Beginning of financial year	**748**	731	**–**	–
– Net currency translation differences of financial statements of foreign operations	**49**	17	**–**	–
End of financial year	**797**	748	**–**	–

23. MOVEMENT IN COMPANY'S ACCUMULATED LOSSES

	Accumulated losses $'000
2019	
Beginning of financial year	**(41,112)**
Adoption of SFRS(I) 16	**(101)**
Loss for the year	**(84)**
End of financial year	**(41,297)**
2018	
Beginning of financial year	(41,459)
Profit for the year	347
End of financial year	(41,112)

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

24. COMMITMENTS AND CONTINGENCIES

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

The Group and Company lease a number of commercial and office premises from non-related parties and a related party under non-cancellable operating lease agreements. The leases typically run for an initial period of two to three years, some with an option to renew after that date.

As at 31 December 2018, the future minimum lease payable under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	Group 2018 $'000	**Company** 2018 $'000
Not later than one year	9,338	701
Between one and five years	10,082	409
Later than five years	136	–
	19,556	1,110

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 31 December 2019, except for short-term and low value leases.

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

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

As at 31 December 2018, the future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as assets, are as follows:

	Group 2018 $'000	**Company** 2018 $'000
Not later than one year	495	245
Between one and five years	280	143
	775	388

On 1 January 2019, the Group has adopted SFRS(I) 16 and operating leases relates to commercial premises which the Group leases to non-related parties. The undiscounted lease payments from these operating leases to be received after 31 December 2019 is disclosed in Note 12(a).

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

24. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(c) Contingent liabilities

The Company and a subsidiary have issued corporate guarantees to banks and to a financial institution for credit facilities and finance lease liabilities granted to its subsidiaries, as well as performance guarantees to certain customers as below:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Corporate guarantees provided:				
– on subsidiaries' other secured borrowings/finance lease liabilities	**–**	–	**3,376**	380
– performance guarantee	**343**	841	**49**	442
	343	841	**3,425**	822

25. BUSINESS COMBINATIONS

Acquisition of businesses

On 1 January 2019, the Group through its wholly-owned subsidiary, Healthway Medical Group Pte Ltd ("**HMG**"), acquired a General Practitioner ("**GP**") clinic for a total consideration of approximately $700,000 comprising a cash consideration of $420,000 and a contingent consideration of approximately $280,000. On 1 February 2019, HMG acquired another GP clinic for a total cash consideration of $1,380,000.

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

		$'000
(i)	Purchase consideration	
	Cash paid and consideration transferred for the business	1,800
	Contingent consideration (Note (v) below)	280
		2,080
(ii)	Effect on cash flows of the Group	
	Cash paid (as above)	1,800
	Less: cash and cash equivalents acquired	–
	Cash outflow on acquisition	**1,800**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

25. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of businesses (Continued)

(iii) A goodwill amounting to $2,086,000 is recognised on the respective acquisition date and is measured as the excess of the purchase consideration of $2,080,000 over the net amounts of the identifiable assets acquired and liabilities assumed in these acquisitions.

(iv) Acquisition-related costs

No acquisition-related costs had been incurred.

(v) Contingent consideration

The Group is required to pay the former owner of one of the clinics $280,000 in cash between the period 1 January 2020 and 1 January 2021 if he meets certain service conditions. The fair value of the contingent consideration is estimated based on the most probable outcome of the owner meeting these service conditions. This is a Level 3 fair value measurement.

(vi) Goodwill

The goodwill of $2,086,000 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. There were no material tangible assets being transferred to the Group.

26. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. Detailed policies are established and carried out by management in accordance with the objectives and underlying principles approved by the Board of Directors.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore. The Group's monetary assets and liabilities are principally denominated in Singapore Dollar ("**SGD**").

The Group's exposure to currency risk principally arises from Chinese Renminbi ("**RMB**") denominated loans amounting to $nil (2018: $37,269,000), extended to the owners of medical entities in China by a Singapore subsidiary with SGD functional currency.

As the RMB loans have been fully impaired as at 31 December 2018 and written-off during the financial year (Note 12), the Group and Company is not exposed to significant foreign currency risk on monetary assets and liabilities that are denominated in a currency other than the respective functional currencies.

(ii) Price risk

The Group has no exposure to any significant price risk as at 31 December 2018 and 31 December 2019.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has no material exposure to changes in interest rates.

(b) Credit risk

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Corporate guarantees provided:				
– on subsidiaries' other secured borrowings/ finance lease liabilities (undiscounted)	**–**	–	**3,672**	395
	–	–	**3,672**	395

The trade and other receivables of the Group comprise a number of individual debtors, and the top 10 debtors of the Group represented approximately 31% of the trade and other receivables. In the previous financial year, 10 debtors represented 25% of the trade and other receivables.

The trade and other receivables of the Company comprise 3 debtors (2018: 3 debtors) that represented 85% (2018: 83%) of the trade and other receivables.

(i) Trade receivables and finance lease receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. Finance lease receivables are subject to immaterial credit loss.

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

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

26. **FINANCIAL RISK MANAGEMENT** (CONTINUED)

(b) Credit risk (Continued)

(i) *Trade receivables and finance lease receivables* (Continued)

The following table provides information of the Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2019 and 31 December 2018.

Group	**Current to 365 days past due $'000**	**More than 365 days past due $'000**	**Total $'000**
As at 31 December 2019			
Sales of medical services			
Weighted-average expected loss rate	**5.9%**	**100%**	
Trade receivables	**13,439**	**6,433**	**19,872**
Loss allowance	**(792)**	**(6,433)**	**(7,225)**
As at 31 December 2018			
Sales of medical services			
Weighted-average expected loss rate	7.1%	100%	
Trade receivables	11,341	5,736	17,077
Loss allowance	(803)	(5,736)	(6,539)

Loans to subsidiaries and finance lease receivables are subject to immaterial credit loss.

(ii) *Cash and cash equivalents*

The Group and the Company held cash and cash equivalents of $24,510,000 and $22,502,000 respectively (2018: $33,381,000 and $31,010,000) with banks which are rated AA and A based on Standard & Poor and considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(iii) *Financial guarantee contracts*

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company does not expect significant credit losses arising from these guarantees.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

26. **FINANCIAL RISK MANAGEMENT** (CONTINUED)

(c) Liquidity risk

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Contractual cash flows $'000	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000
Group				
At 31 December 2019				
Non-derivative financial liabilities				
Other secured borrowings	**3,672**	**1,112**	**2,560**	**–**
Lease liabilities	**19,322**	**8,416**	**10,540**	**366**
Trade and other payables	**19,398**	**19,398**	**–**	**–**
	42,392	**28,926**	**13,100**	**366**
At 31 December 2018				
Non-derivative financial liabilities				
Bank loans	89	89	–	–
Finance lease liabilities	395	316	79	–
Trade and other payables	20,530	20,530	–	–
	21,014	20,935	79	–
Company				
At 31 December 2019				
Non-derivative financial liabilities				
Trade and other payables	**3,013**	**3,013**	**–**	**–**
Lease liabilities	**430**	**430**	**–**	**–**
Financial guarantee contracts	**3,672**	**3,672**	**–**	**–**
	7,115	**7,115**	**–**	**–**
At 31 December 2018				
Non-derivative financial liabilities				
Trade and other payables	4,025	4,025	–	–
Financial guarantee contracts	395	395	–	–
	4,420	4,420	–	–

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

26. **FINANCIAL RISK MANAGEMENT** (CONTINUED)

(d) Capital risk

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

Management monitors capital based on a gearing ratio.

The Group and Company are not subjected to any externally imposed capital requirements for the financial year ended 31 December 2019. The Group and Company are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2018.

(e) Fair value measurements

The carrying amount less impairment provision of trade receivables and payables approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group		**Company**	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Financial assets, at amortised cost	**43,261**	51,102	**22,923**	31,253
Financial liabilities, at amortised cost	**40,730**	20,996	**3,437**	4,025

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

27. RELATED PARTY TRANSACTIONS

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

(a) Related party transactions

	Group	
	2019	2018
	$'000	$'000
Rental and other operating expenses	**1,109**	808
Rental deposits paid	**9**	122
Rental income	**245**	245

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

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

(b) Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel compensation comprise:

	Group	
	2019	2018
	$'000	$'000
Wages and salaries	**668**	392
Directors' fees of the Company	**185**	280
Employer's contribution to defined contribution plans, including Central Provident Fund	**10**	5
	863	677

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

28. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("**CODM**") that are used to make strategic decisions, allocate resources, and assess performance. The CODM considers the business from both a geographic and business segment perspective and regularly reviews internal management reports for each of the business units.

Business segments

The Group has the following strategic business units.

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

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

Geographical segments

The Group's operations are mainly in Singapore.

Major customer

The Group does not rely on a single external customer for 10% or more of the Group's revenue.

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

28. **SEGMENT INFORMATION** (CONTINUED)

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

	Singapore		China	
	Primary Healthcare $'000	**Specialist Healthcare $'000**	**China Specialist Healthcare $'000**	**Total $'000**
2019				
Sales				
Total segment sales and sales to external parties	58,311	55,936	–	114,247
Adjusted EBITDA	2,998	5,903	(130)	8,771
Depreciation	7,069	3,814	8	10,891
Segment assets	115,021	88,777	97	203,895
Segment assets include:				
– Additions to property, plant and equipment	11,640	5,474	1	17,115
– Additions to intangible assets	2,333	–	–	2,333
Segment liabilities	23,604	15,300	369	39,273

	Singapore		China	
	Primary Healthcare $'000	**Specialist and Wellness Healthcare $'000**	**China Specialist and Wellness Healthcare $'000**	**Total $'000**
2018				
Sales				
Total segment sales and sales to external parties	56,404	56,270*	–	112,674
Adjusted EBITDA	(3,598)	59*	(343)	(3,882)
Depreciation	1,036	1,010*	8	2,054
Amortisation	–	–	1	1
Segment assets	93,853	84,275	126	178,254
Segment assets include:				
– Additions to property, plant and equipment	2,388	689	–	3,077
– Additions to intangible assets	411	110	–	521
Segment liabilities	11,548	10,076	386	22,010

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

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

28. SEGMENT INFORMATION (CONTINUED)

The revenue reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

The CODM assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("**Adjusted EBITDA**") for continuing operations. This measurement basis excludes the effects of net gain on the disposal of available-for-sale financial assets that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash position of the Group.

(a) Reconciliations

(i) Segment profits

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

	Group	
	2019	2018
	$'000	$'000
Adjusted EBITDA for reportable segments	**8,771**	(3,882)
Depreciation	**(10,891)**	(2,054)
Amortisation	*****	(1)
Interest income	**311**	387
Finance expenses	**(1,032)**	(384)
Share of loss of associate – net of tax	**(139)**	–
Loss before tax	**(2,980)**	(5,934)

* Less than $1,000

(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 short-term bank deposits, and investment in associate.

Segment assets are reconciled to total assets as follows:

	Group	
	2019	2018
	$'000	$'000
Segment assets for reportable segments	**203,895**	178,254
Unallocated:		
– Short-term bank deposits (Note 11)	**15,073**	26,043
– Investment in associate	**1,969**	–
Total assets	**220,937**	204,297

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

28. SEGMENT INFORMATION (CONTINUED)

(a) Reconciliations (Continued)

(iii) Segment liabilities

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

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2019	2018
	$'000	$'000
Segment liabilities for reportable segments	**39,273**	22,010
Unallocated:		
Current income tax liabilities (Note 9(b))	**37**	84
Deferred income tax liabilities (Note 21)	**1,178**	1,178
Borrowings (Note 18)	**3,376**	466
Total liabilities	**43,864**	23,738

(b) Geographical information

	Sales for continuing operations	
	2019	2018
	$'000	$'000
Singapore	**114,247**	112,674

Majority of non-current assets are all located in Singapore.

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28. SEGMENT INFORMATION (CONTINUED)

(c) Changes in accounting policy

(i) The adoption of the new leasing standards had the following impact on the adjusted EBITDA in the current year:

	Singapore		China	
	Primary Healthcare $'000	Specialist Healthcare $'000	Specialist Healthcare $'000	Total $'000
Adjusted EBITDA before adoption of SFRS(I) 16	(2,249)	2,362	(130)	(17)
Rental expenses under SFRS(I) 1-17, when the Group is a lessee	5,247	3,541	–	8,788
Adjusted EBITDA after adoption of SFRS(I) 16	2,998	5,903	(130)	8,771

(ii) The recognition of ROU assets and lease liabilities on the balance sheet resulted in an increase in depreciation and finance expenses in the consolidated statement of comprehensive income in the current year as follows:

	Singapore		China	
	Primary Healthcare $'000	Specialist Healthcare $'000	Specialist Healthcare $'000	Total $'000
Depreciation	5,702	3,033	–	8,735
Finance expense	618	283	–	901

29. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Amendments to SFRS(I) 3 Business Combination (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

29. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

30. EVENTS OCCURRING AFTER BALANCE SHEET DATE

(a) In January 2020, Healthway Medical Group Pte Ltd ("**HMG**"), a subsidiary of the Company, acquired a clinic for a total cash consideration of approximately $1,566,000 comprising a cash consideration of approximately $940,000 and a contingent consideration of approximately $626,000.

(b) In preparing these financial statements, the Group tested goodwill for impairment (Note 16) and the recoverable amount of the relevant CGUs exceeds its carrying amount at the balance sheet date. Accordingly, no provision for impairment was recognised. In performing this assessment, the Group estimated the present value of future cash flows of the CGUs based on the conditions as at the balance sheet date. In the goodwill impairment test to be performed in 2020, COVID-19 outbreak and its impact on the present value of estimated future cash flows of the CGUs will be considered. Up to the date on which this set of financial statements is authorised for issue, the Group is still in the process of assessing the impact of the COVID-19 outbreak on the performance of the relevant CGUs, and is unable to estimate the financial impact to the Group's results for the year ending 31 December 2020.

31. AUTHORISATION OF THE FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Healthway Medical Corporation Limited on 31 March 2020.

STATISTICS OF **SHAREHOLDINGS**

AS AT 18 MARCH 2020

Total number of issued shares excluding treasury shares and subsidiary holdings	:	4,511,226,300
Total number of treasury shares held	:	17,565,800
Total number of subsidiary holdings held	:	Nil
Class of shares	:	Ordinary
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	231	4.26	7,782	0.00
100 – 1,000	343	6.33	204,403	0.00
1,001 – 10,000	1,036	19.12	5,878,734	0.13
10,001 – 1,000,000	3,685	68.00	435,417,058	9.65
1,000,001 AND ABOVE	124	2.29	4,069,718,323	90.22
TOTAL	**5,419**	**100.00**	**4,511,226,300**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	GENTLE CARE PTE LTD	1,270,169,892	28.16
2	GW ACTIVE LIMITED	1,241,134,751	27.51
3	OCBC SECURITIES PRIVATE LIMITED	461,659,135	10.23
4	CITIBANK NOMINEES SINGAPORE PTE LTD	311,882,545	6.91
5	KGI SECURITIES (SINGAPORE) PTE. LTD	160,175,465	3.55
6	RHB SECURITIES SINGAPORE PTE. LTD.	77,540,990	1.72
7	DBS NOMINEES (PRIVATE) LIMITED	69,247,478	1.54
8	RAFFLES NOMINEES (PTE.) LIMITED	27,303,586	0.61
9	ONG ENG LOKE	24,000,000	0.53
10	UOB KAY HIAN PRIVATE LIMITED	23,626,836	0.52
11	PHILLIP SECURITIES PTE LTD	20,079,287	0.45
12	TAN KOON	18,600,000	0.41
13	HANIF MOEZ NOMANBHOY	16,300,011	0.36
14	LIM WEE HAN	15,500,000	0.34
15	TEOH TEIK KEE	13,000,000	0.29
16	TAN KHEEN SENG @JOHN	12,523,964	0.28
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	12,039,204	0.27
18	FOO WEE FONG	12,000,300	0.27
19	MAYBANK KIM ENG SECURITIES PTE. LTD.	11,290,245	0.25
20	SHEK CHEE KEONG	10,191,000	0.23
	TOTAL	**3,808,264,689**	**84.43**

STATISTICS OF **SHAREHOLDINGS**

AS AT 18 MARCH 2020

SUBSTANTIAL SHAREHOLDERS (as recorded in the Company's Register of Substantial Shareholders as at 18 March 2020)

	Direct Interest		Deemed Interest	
	No. of Shares	**%[1]**	**No. of Shares**	**%[1]**
Gentle Care Pte. Ltd.	1,594,776,083	35.35	–	–
Valiant Leader Limited	–	–	1,594,776,083	35.35[2]
Tamsett Holdings Limited	–	–	1,594,776,083	35.35[3]
GW Active Limited	1,241,134,751	27.51	–	–
Gateway Fund I, L.P.	–	–	1,241,134,751	27.51[4]
Continental Equity Inc.	–	–	253,865,182	5.63[5]
Rickon Holdings Limited	–	–	1,848,641,265	40.98[6]
Lippo China Resources Limited	–	–	1,848,641,265	40.98[7]
Skyscraper Realty Limited	–	–	1,848,641,265	40.98[8]
First Tower Corporation	–	–	1,848,641,265	40.98[9]
Lippo Limited	–	–	1,848,641,265	40.98[10]
Lippo Capital Limited	–	–	1,848,641,265	40.98[11]
Lippo Capital Holdings Company Limited	–	–	1,848,641,265	40.98[12]
Lippo Capital Group Limited	–	–	1,848,641,265	40.98[13]
PT Trijaya Utama Mandiri	–	–	1,848,641,265	40.98[14]
Dr. James Tjahaja Riady	–	–	1,848,641,265	40.98[15]
Dr. Stephen Riady	–	–	1,848,641,265	40.98[16]

Notes:

1 Computed based on 4,511,226,300 shares in the Company ("**Shares**"), being the total number of issued voting Shares as at 18 March 2020. The total voting Shares as at 18 March 2020 has excluded 17,565,800 treasury shares.

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

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

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

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

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

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

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

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

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

STATISTICS OF **SHAREHOLDINGS**

AS AT 18 MARCH 2020

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

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

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

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

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

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

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HANDS

Based on the information available to the Company as of 18 March 2020, approximately 31.46% of the total number of issued voting Shares were held in the hands of the public and therefore, the Rule 723 of the Catalist Rules is complied with.

ADDENDUM TO **SHAREHOLDERS**

ADDENDUM DATED 15 APRIL 2020

THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT AS TO ITS CONTENTS OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Unless otherwise stated, capitalised terms on this cover are defined in this Addendum under the section entitled "DEFINITIONS".

This Addendum is circulated to the shareholders of Healthway Medical Corporation Limited together with the 2019 Annual Report.

If you have sold or transferred your Shares held through CDP, you need not forward this Addendum to the purchaser or transferee as arrangements will be made by CDP for a separate Addendum to be sent to the purchaser or the transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately forward this Addendum to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee. Please note that the Notice of AGM and Proxy Form will be sent to shareholders in due course and any person is entitled to receive the notice nearer to the date of the annual general meeting ("**AGM**") currently scheduled to be held by June 2020, subject to the approvals from ACRA and SGX-ST (both defined hereinafter) on the extension of time to hold AGM. Shareholders are advised to stay updated on the further announcement(s) to be made by the Company on the SGXNet in respect of details in relation to the AGM to be held by June 2020.

This Addendum has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. in accordance with Rule 226(2)(b) and 753(2) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") of the Catalist Rules.

This Addendum has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Addendum, including the correctness of any of the statements or opinions made or reports contained in this Addendum.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, PrimePartners Corporate Finance Pte. Ltd. (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).

HEALTHWAY MEDICAL CORPORATION LIMITED

(Company Registration No. 200708625C)
(Incorporated in the Republic of Singapore)

ADDENDUM TO SHAREHOLDERS

in relation to

THE PROPOSED CHANGE OF AUDITORS OF THE COMPANY FROM PRICEWATERHOUSECOOPERS LLP TO ERNST & YOUNG LLP

ADDENDUM TO **SHAREHOLDERS**

CONTENTS

ADDENDUM TO SHAREHOLDERS

DEFINITIONS

For the purposes of this Addendum, the following definitions apply throughout unless otherwise stated:

"**2019 AGM**"	:	The forthcoming AGM to be held by June 2020, subject to the approvals from ACRA and SGX-ST (both defined hereinafter) on the extension of time to hold AGM
"**2019 Annual Report**"	:	The Company's annual report for the financial year ended 31 December 2019
"**ACRA**"	:	The Accounting and Corporate Regulatory Authority of Singapore
"**Audit and Risk Committee**"	:	The audit and risk committee of the board of directors of the Company
"**Catalist**"	:	The Catalist Board of the SGX-ST
"**Catalist Rules**"	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
"**Company**"	:	Healthway Medical Corporation Limited
"**Directors**"	:	The director(s) of the Company for the time being
"**Group**"	:	The Company and its subsidiaries
"**Notice of AGM**"	:	Subject to the approvals from ACRA and SGX-ST on the extension of time to hold AGM, the notice of AGM of the Company will be sent to shareholders and any person is entitled to receive the notice of AGM nearer to the date of AGM in June 2020
"**Proposed Change of Auditors**"	:	The proposed change of auditors from PricewaterhouseCoopers LLP to Ernst & Young LLP
"**Proxy Form**"	:	Subject to the approvals from ACRA and SGX-ST on the extension of time to hold AGM, the proxy form in respect of the 2019 AGM will be sent to shareholders and any person is entitled to receive the notice of AGM nearer to the date of AGM in June 2020
"**Securities Accounts**"	:	The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time

ADDENDUM TO **SHAREHOLDERS**

"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Shareholders**"	:	The registered holders of Shares except that where the registered holder is CDP, the term "**Shareholders**" in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The terms "**subsidiary**" and "**related corporations**" shall have the meanings ascribed to them respectively in the Companies Act.

References to persons shall include corporations where applicable.

Any reference in this Addendum to "**Rule**" or "**Chapter**" is a reference to the relevant rule or chapter in the Catalist Rules.

Any reference in this Addendum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA, the Catalist Rules or any statutory or regulatory modification thereof and used in this Addendum shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Catalist Rules or any statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Any reference to a date and/or time of day in this Addendum shall be a reference to Singapore time unless otherwise stated.

ADDENDUM TO **SHAREHOLDERS**

ADDENDUM

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

Directors:	**Registered Office:**
Sin Boon Ann (Independent Chairman)	6 Shenton Way
Dr Stephen Riady (Non-Executive Non-Independent Director)	#10-09 OUE Downtown 2
Anand Kumar (Non-Executive Non-Independent Director)	Singapore 068809
Abram Melkyzedeck Suhardiman (Executive Director and Deputy Chief Executive Officer)	
Chen Yeow Sin (Lead Independent Director)	
Lin Weiwen, Moses (Independent Director)	

15 April 2020

To: The Shareholders of Healthway Medical Corporation Limited

Dear Sir/Madam

THE PROPOSED CHANGE OF AUDITORS OF THE COMPANY FROM PRICEWATERHOUSECOOPERS LLP TO ERNST & YOUNG LLP

1. INTRODUCTION

1.1 The purpose of this Addendum is to provide Shareholders with information relating to the Proposed Change of Auditors. Shareholders' approval will be sought at the 2019 AGM. This Addendum has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders to whom this Addendum is despatched) or for any other purpose.

1.2 The Sponsor and the SGX-ST take no responsibility for the contents of this Circular, including the accuracy of any of the statements or opinions made or reports contained in this Circular. The Sponsor has reviewed this Circular in accordance with Rules 226(2)(b) and 753(2) of the Catalist Rules.

2. RATIONALE FOR THE PROPOSED CHANGE OF AUDITORS

2.1 The Company's existing auditor, PricewaterhouseCoopers LLP, was first appointed as auditors of the Company on 3 August 2012 and was last re-appointed as auditor at the last AGM of the Company held on 26 April 2019, to hold office until the conclusion of the 2019 AGM.

2.2 The Directors are of the view that a change of auditor accords with good corporate governance practices and will enable the Company to benefit from a fresh perspective. In addition, the Directors seek to effect a change of auditor with effect from the financial year ending 31 December 2020 to align the auditors of the Company with certain entities within the Group and its related corporations and allow the streamlining and alignment of the audit processes to achieve greater time and cost efficiencies. PricewaterhouseCoopers LLP will not be seeking re-appointment at the forthcoming 2019 AGM. The Proposed Change of Auditors was not due to the resignation, the decline to stand for re-appointment by PricewaterhouseCoopers LLP, or a dismissal by the Company.

ADDENDUM TO SHAREHOLDERS

2.3 Notwithstanding that the Audit Quality Indicators Disclosure Framework introduced by ACRA was not taken into consideration by the Audit and Risk Committee in the selection of Ernst & Young LLP for the proposed appointment, the Audit and Risk Committee has considered other criteria in assessing the suitability of Ernst & Young LLP, namely, the number of staff and seniority of members in the audit engagement team, the relevant experience of and profile of the clientele of Ernst & Young LLP and the engagement partner, and the size and complexity of the business and operations of the Group. After the said evaluation, the Audit and Risk Committee has recommended that Ernst & Young LLP be selected for the proposed appointment with effect from the financial year ending 30 December 2020, on the basis that it best suits the audit requirements of the Group, based on its current business and operational needs. The Directors have taken into account the Audit and Risk Committee's recommendation, including the factors considered in their evaluation, and are satisfied that Ernst & Young LLP will be able to meet the audit requirements of the Company as part of the alignment of auditors across the Group and its related corporations. The scope of audit services to be provided by Ernst & Young LLP will be comparable to those provided by PricewaterhouseCoopers LLP.

2.4 PricewaterhouseCoopers LLP had on 3 April 2020 given letter of professional clearance as auditors of the Company and Ernst & Young LLP had on 3 April 2020 given consent to be appointed as the new auditors of the Company, subject to the approval of shareholders at the 2019 AGM to be convened.

3. INFORMATION ON INCOMING AUDITOR

3.1 Ernst & Young LLP, registered with ACRA, is one of the largest professional service firms in Singapore today, and has a wide-ranging clientele base which includes other medical and clinic groups. In Singapore, Ernst & Young LLP has a history of 129 years, with over 192 partners and 3,576 people offering assurance, tax, transaction and advisory services.

3.2 The audit partner who will be in charge of the audit is Philip Ng, who is a member of the Institute of Singapore Chartered Accountants. Philip Ng has more than 29 years of experience in providing audit and assurance services to a variety of clients, including listed companies in the healthcare sector.

4. COMPLIANCE WITH RULES 712 AND 716 OF THE CATALIST RULES

4.1 Ernst & Young LLP is registered with ACRA.

4.2 In connection with the requirements of Rule 712(3) of the Catalist Rules:

(a) the outgoing auditor, PricewaterhouseCoopers LLP, has confirmed that they are not aware of any professional reasons why the incoming auditor, Ernst & Young LLP, should not accept appointment as auditors of the Company;

(b) the Company has confirmed that there are no disagreement between it and the outgoing auditor, PricewaterhouseCoopers LLP, on accounting treatments within the last 12 months;

(c) the Company has confirmed that it is not aware of any other circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders which have not been disclosed in this Addendum;

ADDENDUM TO SHAREHOLDERS

(d) the specific reasons for the Proposed Change of Auditors are set out in Section 2 above; and

(e) the Company confirms that it is in compliance with Rules 712 and 716 of the Catalist Rules in relation to the appointment of Ernst & Young LLP.

4.3 Subject to the Shareholders' approval, Ernst & Young LLP will be the auditor and will also be appointed as auditor of some, but not all of the Company's Singapore-incorporated subsidiaries and associated companies. The Directors and Audit and Risk Committee are satisfied that appointment of separate auditors for some of the Company's Singapore-incorporated subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company. The foreign-incorporated subsidiary of the Company is audited by a suitable audit firm for the purposes of preparing the consolidated financial statements of the Company.

4.4 Pursuant to Section 205 of the Companies Act, a copy of the notice of nomination of the proposed incoming auditor dated 21 February 2020 from a Shareholder is attached in the Appendix to this Addendum.

5. DIRECTORS' RECOMMENDATION

Having considered and reviewed, among others, the adequacy of the resources, experience and reputation of Ernst & Young LLP, the rationale for and benefits of the Proposed Change of Auditors, the recommendation of the Audit and Risk Committee and all the other relevant information as set out in this Addendum, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of the Proposed Change of Auditors.

6. ANNUAL GENERAL MEETING

The 2019 AGM will tentatively be held on or around 24 June 2020, subject to the approvals from ACRA and SGX-ST on the extension of time to hold AGM, for the purpose of considering and, if through fit, passing with or without any modifications, the resolution set out in the Notice of AGM will be sent to shareholders and any person is entitled to receive the notice nearer to the date of AGM in June 2020.

7. NOTE TO SHAREHOLDERS

The Company and the Board has carefully considered the feasibility of conducting the AGM in compliance with the guidelines issued by Singapore government authorities thus far. In view thereof, the Company will require more time and flexibility to consider and put in place such necessary measures and/or alternative arrangements available for organising its AGM. Shareholders are advised to stay updated on the further announcement(s) to be made by the Company on the SGXNet in respect of details in relation to the AGM to be held by June 2020.

ADDENDUM TO SHAREHOLDERS

8. DIRECTORS' RESPONSIBILITY STATEMENT

8.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum (save for the information relating to Ernst & Young LLP and the audit engagement partner under Section 3 of this Addendum) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading.

8.2 Where information in the Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Addendum in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at 6 Shenton Way, #10-09 OUE Downtown 2, Singapore 068809 during normal business hours from the date of this Addendum up to and including the date of the 2019 AGM:

(a) the constitution of the Company;

(b) the Annual Report of the Company for the financial year ended 31 December 2019;

(c) PricewaterhouseCoopers LLP's letter of professional clearance to Ernst & Young LLP; and

(d) Ernst & Young LLP's letter to the Company in respect of their consent to act as auditors of the Company.

Yours faithfully
For and on behalf of the board of directors of
HEALTHWAY MEDICAL CORPORATION LIMITED

Raymond Lam Kuo Wei
Leh Si Yuan
Company Secretaries

15 April 2020
Singapore

ADDENDUM TO **SHAREHOLDERS**

APPENDIX – NOTICE OF NOMINATION

GENTLE CARE PTE. LTD.
(Company Registration No.: 201625374Z)
(Incorporated in the Republic of Singapore)
1 Kay Siang Road, #12-02, Singapore 248922

Date: 21 February 2020

The Board of Directors
Healthway Medical Corporation Limited (***Company***)
6 Shenton Way
#10-09 OUE Downtown 2
Singapore 068809

Dear Sir/ Madam

NOMINATION OF AUDITORS

With a view of aligning the auditing firm within the group, we, being a shareholder of the Company, hereby nominate the appointment of Messrs Ernst & Young LLP as the new Auditors of the Company in place of Messrs PricewaterhouseCoopers LLP, at the forthcoming Annual General Meeting of the Company.

Kindly do the necessary to effect the proposed change of Auditors.

Yours faithfully
For and on behalf of
Gentle Care Pte. Ltd.

....
Au Shiu Leung, Alex
Director

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Healthway Medical

HEALTHWAY MEDICAL CORPORATION LIMITED
Company Registration No. 200708625C

6 Shenton Way #10-09 OUE Downtown 2
Singapore 068809
Tel: 6323 4115 | Fax: 6235 0809
Email: investorrelations@healthwaymedical.com
www.healthwaymedical.com