HEALTHWAY MEDICAL CORPORATION LIMITED

(Co. Regn. No: 200708625C)

Healthway Medical
Empowering Healthier Lives

UNAUDITED FINANCIAL STATEMENTS AND DIVIDENDS ANNOUNCEMENT FOR THE FULL YEAR FINANCIAL YEAR ENDED 31 DECEMBER 2019 ("2019 FY")

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

	12 months ended		
	31.12.19 S$'000	31.12.18 S$'000	Change %
Revenue	114,247	112,674	1.4
Other income	1,601	1,983	(19.3)
Other gains	(1)	(33)	n.m.
Expenses by nature			
- Medical supplies, consumables and laboratory expenses	(22,206)	(21,669)	2.5
- Staff costs	(74,716)	(74,285)	0.6
- Depreciation and amortisation of property, plant and equipment	(10,891)	(2,054)	n.m.
- Amortisation of intangible assets	-	(1)	n.m.
- Rental expenses	(326)	(10,694)	(97.0)
- Impairment loss on trade and other receivables	(1,044)	(1,098)	(4.9)
Finance costs	(1,032)	(384)	n.m.
Other operating expenses	(8,473)	(10,373)	(18.3)
Share of loss of associate	(139)	-	n.m.
Loss before income tax	(2,980)	(5,934)	(49.8)
Income tax credit	41	124	(66.9)
Loss for the year attributable to shareholders	(2,939)	(5,810)	(49.4)
Other comprehensive income, net of tax	49	17	188.2
Total comprehensive loss for the year	(2,890)	(5,793)	(50.1)

n.m. denotes not meaningful.

Explanatory notes to the income statement

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

	12 months ended		
	31.12.19 S$'000	31.12.18 S$'000	Change %
Interest income	(311)	(387)	(19.6)
Rental income	(345)	(526)	(34.4)
Loss on disposal of subsidiary	-	70	n.m.
Interest expense	131	384	(65.9)
Lease interest expense	901	-	n.m.
Bad debts written off / (written back) - net	35	(9)	n.m.
Loss on disposal of property, plant and equipment - net	11	123	(91.1)
Unrealised currency translation loss - net	1	33	(97.0)
Property, plant and equipment written off	262	1,096	(76.1)
(Write back of) /provision for onerous lease contracts	(109)	1,225	n.m.

Statement of comprehensive income

	12 months ended		
	31.12.19 S$'000	31.12.18 S$'000	Change %
Loss for the year	(2,939)	(5,810)	(49.4)
Currency translation gain arising from consolidation - net	49	17	188.2
Total comprehensive loss for the year	(2,890)	(5,793)	(50.1)

n.m. denotes not meaningful.

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

	Group		Company	
	31.12.19 S$'000	31.12.18 S$'000	31.12.19 S$'000	31.12.18 S$'000
Current assets				
Cash and bank balances	24,510	33,381	22,502	31,010
Trade and other receivables	16,650	15,616	330	123
Inventories	3,237	2,926	-	-
	44,397	51,923	22,832	31,133
Non-current assets				
Other receivables	2,617	2,502	143	163
Investments in subsidiaries	-	-	213,287	208,233
Investment in an associate	1,969	-	1,969	-
Property, plant and equipment	27,069	7,320	729	654
Intangible assets	144,885	142,552	468	221
	176,540	152,374	216,596	209,271
Total assets	220,937	204,297	239,428	240,404
Equity				
Share capital	277,433	277,433	277,433	277,433
Treasury shares	(438)	-	(438)	-
Share-based compensation reserve	235	-	235	-
Currency translation reserve	797	748	-	-
Accumulated losses	(100,954)	(97,622)	(41,297)	(41,112)
Total equity	177,073	180,559	235,933	236,321
Current liabilities				
Trade and other payables	19,858	21,042	3,013	4,025
Current income tax liabilities	37	84	-	-
Lease liabilities	7,838	-	424	-
Borrowings	973	389	-	-
	28,706	21,515	3,437	4,025
Non-current liabilities				
Borrowings	2,403	77	-	-
Deferred income tax liabilities	1,178	1,178	-	-
Provisions	1,319	968	58	58
Lease liabilities	10,118	-	-	-
Other payables	140	-	-	-
	15,158	2,223	58	58
Total liabilities	43,864	23,738	3,495	4,083
Total equity and liabilities	220,937	204,297	239,428	240,404

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

The Group's borrowings consist of only secured borrowings and are repayable as follows:

	As at 31.12.19 S$'000	As at 31.12.18 S$'000
Amount repayable within one year	973	389
Amount repayable after one year	2,403	77

S$86,000 of borrowings as at 31 December 2018 were secured by personal guarantee from certain employees of the Company. These were fully repaid in FY2019 Q2. The remaining borrowings are secured by the legal titles of leased property, plant and equipment and corporate guarantee from the Company.

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

	12 months ended	
	31.12.19	**31.12.18**
	S$'000	**S$'000**
Cash flows from operating activities		
Loss before income tax	(2,980)	(5,934)
Adjustments for:		
Amortisation of intangible assets	-	1
Depreciation and amortisation of property, plant and equipment	10,891	2,054
Impairment loss on trade and other receivables	1,044	1,098
Property, plant and equipment written off	262	1,096
Loss on disposal of property, plant and equipment	11	123
(Write back of)/provision for onerous lease contracts	(109)	1,225
Loss on disposal of subsidiaries - net	-	70
Unrealised currency translation loss - net	1	33
Interest expense	1,032	384
Interest income	(311)	(387)
Share-based compensation expense	235	-
Share of loss of associate	139	-
	10,215	(237)
Changes 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 payment	(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)
Loan to an affiliate	-	-
Proceeds from 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 subsidiary	-	150
Interest received	311	387
Net cash used in investing activities	**(8,828)**	**(2,466)**
Cash flows from financing activities		
Purchase of treasury shares	(438)	-
Repayment of borrowings	(86)	(304)
Bank balances pledged	(50)	(1)
Proceeds from other secured borrowings	3,796	-
Repayment of other secured borrowings	(799)	(575)
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	32,773	38,023
Effect of exchange rate fluctuations on cash held	(2)	(1)
End of financial year	**23,852**	**32,773**

Cash and cash equivalents comprised:	As at 31.12.19 S$'000	As at 31.12.18 S$'000
Cash and bank balances	24,510	33,381
Fixed deposits & balances pledged as collaterals	(658)	(608)
	23,852	32,773

During the financial year ended ended 31 December 2019, the Group obtained secured borrowings to finance the acquisitions of certain property, plant and equipment of which S$2.6 million relates to acquisition in the current financial year and $1.2 million relates to acquisition in FY2018.

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

	Ordinary shares	Treasury shares	Share-based compensation reserve	Currency translation reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group - Current year						
Balance as at 31 December 2018	277,433	-	-	748	(97,622)	180,559
Adoption of SFRS(I) 16	-	-	-	-	(393)	(393)
Balance as at 1 January 2019	**277,433**	**-**	**-**	**748**	**(98,015)**	**180,166**
Loss for the year	-	-	-	-	(2,939)	(2,939)
Foreign exchange differences	-	-	-	49	-	49
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**49**	**(2,939)**	**(2,890)**
Purchase of treasury shares	-	(438)	-	-	-	(438)
Value of employee services	-	-	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**
Group - Previous year						
Balance as at 1 January 2018	277,433	-	-	731	(91,812)	186,352
Loss for the year	-	-	-	-	(5,810)	(5,810)
Foreign exchange differences	-	-	-	17	-	17
Total comprehensive income for the year	**-**	**-**	**-**	**17**	**(5,810)**	**(5,793)**
Balance as at 31 December 2018	**277,433**	**-**	**-**	**748**	**(97,622)**	**180,559**

	Ordinary shares	Treasury shares	Share-based compensation reserve	Currency translation reserve	Accumulated losses	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Company - Current year						
Balance as at 31 December 2018	277,433	-	-	-	(41,112)	236,321
Adoption of SFRS(I) 16	-	-	-	-	(101)	(101)
Balance as at 1 January 2019	**277,433**	**-**	**-**	**-**	**(41,213)**	**236,220**
Loss for the year	-	-	-	-	(84)	(84)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(84)**	**(84)**
Purchase of treasury shares	-	(438)	-	-	-	(438)
Value of employee services	-	-	235	-	-	235
Total transactions with owners, recognised directly in equity	-	(438)	235	-	-	(203)
Balance as at 31 December 2019	**277,433**	**(438)**	**235**	**-**	**(41,297)**	**235,933**
Company - Previous year						
Balance as at 1 January 2018	277,433	-	-	-	(41,459)	235,974
Loss for the year	-	-	-	-	347	347
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**347**	**347**
Balance as at 31 December 2018	**277,433**	**-**	**-**	**-**	**(41,112)**	**236,321**

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

Ordinary shares

	As at 31 December 2019		As at 31 December 2018	
	Number of shares	Amount	Number of shares	Amount
Ordinary shares excluding treasury shares	4,511,226,300	276,994,722	4,528,792,100	277,433,014

Convertibles

The Company did not have any outstanding convertibles as at 31 December 2019 (31 December 2018: Nil).

Treasury shares

	Number of shares	Amount S$
Ordinary shares excluding treasury shares as at 31 December 2018	-	-
Purchase of treasury shares	17,565,800	438,292
Balance as at 31 December 2019	17,565,800	438,292

As at 31 December 2019, the number of treasury shares represented 0.39% (31 December 2018: Nil) of the total number of issued shares.

Subsidiary Holdings

The Company did not have subsidiary holdings as at 31 December 2019 (31 December 2018: Nil)

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

	As at 31.12.19	As at 31.12.18
Total number of issued shares excluding treasury shares	4,511,226,300	4,528,792,100

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

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

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

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

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

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

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

Not applicable. The figures for the financial year ended 31 December 2019 have not been reviewed by the Company's auditors. The audited figures for the financial year ended 31 December 2018 did not have any modifications or emphasis of matter.

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

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

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

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

Not applicable. The Company's financial statements for the financial year ended 31 December 2018 were not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

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

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

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

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

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

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

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

The ROU assets as at 31 December 2019 amounting to S$16.7 million were mainly related to leases of commercial and office premises occupied by the Group, lease liabilities relating to these ROU assets amount to S$17.6 million as at 31 December 2019.

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

	12 months ended	
	31.12.19	**31.12.18**
Basic and diluted loss per ordinary share (Singapore cents) [(a)]	(0.06) [(b)]	(0.13) [(c)]

(a) Basic and diluted loss per share of the Group ended 31 December 2019 are calculated based on the weighted average number of ordinary shares in issue of 4,523,769,688 (31 December 2018: 4,528,792,100).

(b) The respective basic and diluted loss per share for the Group ended 31 December 2019 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

(c) The respective basic and diluted loss per share for the Group ended 31 December 2018 were the same as there were no potentially dilutive ordinary shares as at the end of the respective financial periods.

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
a) current financial period reported on; and
b) immediately preceding financial year.

	Group		Company	
	As at 31.12.19	**As at 31.12.18**	**As at 31.12.19**	**As at 31.12.18**
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	3.93	3.99	5.23	5.22

The net asset value per ordinary share of the Group and the Company as at 31 December 2019 were calculated based on the total number of issued shares, excluding treasury shares, of 4,511,226,300 (31 December 2018: 4,528,792,100).

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

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

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

Review of performance

The Group's turnover for the financial year ended 31 December 2019 ("FY2019") was S$114.3 million, an increase of S$1.6 million or 1.4% from S$112.7 million for the financial year ended 31 December 2018 ("FY2018"). The increase was mainly due to the increase in revenue of S$1.9 million from the Primary Healthcare segment offset by decrease in revenue of S$0.3 million from the Specialist Healthcare segment. The decrease in revenue for Specialist Healthcare Segment was on account of absence of S$0.9 million of revenue contribution from the Wellness Segment, which was disposed-off during the quarter ended 30 September 2018 ("FY2018 Q3").

The Group's other income declined by S$0.4 million or 19.3% from S$2.0 million for FY2018 to S$1.6 million for FY2019. This was mainly due to lower government grants received by S$0.4 million, reduction in interest income by S$0.1 million and rental income by S$0.1 million offset by increase in miscellaneous income by S$0.2 million.

Total operating costs for the Group decreased by S$2.5 million or 2.1% from S$120.2 million for FY2018 to S$117.7 million for FY2019. The decrease was mainly attributable to absence of provision for onerous lease contracts of S$1.2 million in FY2019 and lower write-off of property plant and equipment by S$0.8 million upon closure of non-performing clinics in FY2018, reduction in rental expenses due to adoption of SFRS(I) 16 partially offset by increases in (a) medical supplies, consumables and laboratory expenses in tandem with the increase in revenue; (b) depreciation and amortisation expenses due to the adoption of SFRS(I) 16, and (c) staff costs.

Finance costs were higher by S$0.6 million mainly due to lease interest expenses of S$0.9 million as a result of the adoption of SFRS(I) 16 offset by reduction in other interest expenses of S$0.3 million.

The Group invested in an associated company as a result of subscription in shares of Fully Holdings Pte Ltd during FY2019 Q3 and its share of loss of associate for FY2019 was S$0.14 million (FY2018 : Nil)

As a result of the above, the Group's net loss before income tax for FY2019 was S$3.0 million as compared to a net loss before income tax of S$5.9 million in FY2018 and the net loss attributable to shareholders for FY2019 was S$2.9 million as compared to net loss attributable to shareholders of S$5.8 million for FY2018.

Financial position

Non-current assets were S$24.2 million higher due to increase in (a) property, plant and equipment of S$19.8 million due to addition of right-of-use assets of S$16.7 million as a result of the adoption of SFRS(I) 16 net of depreciation and amortisation and addition of S$3.1 million in other property, plant and equipment net of depreciation and amortisation in relation to the addition of new and renovated clinics, (b) other receivables of S$0.1 million, (c) investment in associate of $2.0 million as a result of the subscription of shares in Fully Holdings Pte Ltd during FY2019 Q3 and (d) intangible assets of S$2.3 million mainly due to goodwill arising from the acquisition of two General Practice (GP) clinics totalling to S$2.1 million and addition of other intangibles of S$0.2 million during FY2019.

Current assets were S$44.4 million as at 31 December 2019, S$7.5 million lower than S$51.9 million as at 31 December 2018. The decrease was mainly due to decrease in cash and cash equivalents of S$8.9 million and decrease in other receivables of S$0.4 million. This was offset by increase in trade

receivables of S$1.5 million mainly due to increase in revenue and increase in inventories by S$0.3 million.

Non-current liabilities increase by S$12.9 million mainly due to lease liabilities of S$10.1 million arising from the adoption of SFRS(I) 16, increase in secured borrowings of S$2.3 million, other payable and provisions of S$0.5 million.

Current liabilities were S$28.7 million as at 31 December 2019, an increase of S$7.2 million from S$21.5 million as at 31 December 2018. This was mainly due to increase in lease liabilities of S$7.8 million arising from the adoption of SFRS(I) 16 and an increase in net secured borrowings of S$0.6 million, increase in trade payables of S$0.8 million offset by decrease in other payables and accruals for operating expenses totalling to S$2.0 million.

The Group had a positive working capital of S$15.7 million as at 31 December 2019.

The Group had adopted the Healthway Medical Performance Share Plan ("**PSP**") at the extraordinary general meeting convened on 26 April 2019. The Group has made provision for share-based compensation of S$0.24 million in FY2019 and the corresponding share-based compensation reserve has been recorded. No PSP was granted and no shares were issued to employees in FY2019.

Cash flow statement

As at 31 December 2019, the Group had cash and cash equivalents amounting to S$23.9 million, net of fixed deposits pledged of S$0.7 million, as compared to cash and cash equivalents amounting to S$32.8 million, net of fixed deposits pledged of S$0.6 million as at 31 December 2018.

The significant cash movements during FY2019 as compared to FY2018 can be summarised as follows: -

Cash flow generated from operating activities for FY2019 amounted to S$6.4 million as a result of operating cash inflow before changes in working capital of S$10.2 million, adjusted for net working capital outflow of S$3.8 million. The net working capital outflow was mainly due to decrease in (a) trade and other payables of S$1.1 million mainly due to reduction in other payables, (b) provision of S$0.2 million (c) increase in inventories of S$0.3 million and (d) increase in trade and other receivables of S$2.2 million arising mainly from increase in business activities and higher revenue for FY2019.

Cash flow used in investing activities for FY2019 was S$8.8 million, mainly due to purchase of property, plant and equipment of S$5.0 million, acquisition of clinics of S$1.8 million, addition of intangible assets of S$0.3 million, investment in associate of S$2.1 million as a result of the subscription of shares in Fully Holdings Pte Ltd during FY2019 Q3 offset by interest received of S$0.3 million.

Cash flow used in financing activities for FY2019 was S$6.5 million, mainly due to repayment of borrowings of S$0.1 million, repayment of other secured borrowings of S$0.8 million, payment of lease liabilities of S$7.9 million, payment of interest expenses of S$1.0 million, cash pledged with bank of S$0.1 million and purchase of treasury shares of S$0.4 million. This was offset by proceed from other secured borrowings of S$3.8 million.

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

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

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

With the outbreak of COVID-19 in December 2019, the months ahead hold significant uncertainties for the global economy. However, our outlook for the coming months remains cautious even as our cross-island network of clinics continue to serve the healthcare needs of multiple communities across Singapore.

As seen over the last few months, the COVID-19 situation in Singapore has reinforced the critical complementary relationship between public and private healthcare providers like Healthway Medical. The epidemic has placed a lot of pressure on the healthcare system, and private clinics and government polyclinics have served on the frontlines as primary healthcare providers. With 80% of primary healthcare being provided by private clinics[1], healthcare providers like Healthway Medical have a significant role to fulfil especially in times of national healthcare crises.

As we continue to work alongside supportive nation-wide schemes and initiatives, Singaporeans are increasingly able to access a vast number of clinics at affordable prices. With the expanded Community Health Assist Scheme (CHAS) and the Merdeka Generation Package fully rolled out, we are committed to the continued enhancement and optimisation of our network of clinics and screening centres to cater to the evolving healthcare needs of the community.

In the longer term, our outlook for the industry continues to be driven by Singapore's long-standing healthcare concerns of providing high-quality, affordable healthcare for Singapore's ageing population. Should concerns surrounding COVID-19 ease and the situation stabilises in the months ahead, we expect the volume of patients to increase. General Practitioner clinics will need to be better equipped and operationally efficient to better serve the expanding healthcare needs of the country. Preventive healthcare will also continue to play a critical role in mitigating the early onset of chronic conditions. Thus, we believe that we are well-placed to fulfil these roles effectively with our network of refurbished clinics and screening centres across the island.

As we continue to build on our reputation as one of Singapore's leading healthcare providers, we remain committed to the consistent review of our business operations and strategies to better serve the needs of our patients and deliver value to all our stakeholders.

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

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

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

(b)(i) Amount per share (cents)
Not applicable.

(b)(ii) Previous corresponding period (cents)
Not applicable.

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

Not applicable.

[1] "Admissions and outpatient attendances". Retrieved from: https://www.moh.gov.sg/resources-statistics/singapore-health-facts/admissions-and-outpatient-attendances

(d) The date the dividend is payable.
Not applicable.

(e) Book closure date
Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.
No dividends have been declared or recommended for the current financial period reported on due to losses incurred during FY2019.

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

The Company does not have a general mandate from its shareholders for Interested Person Transactions ("IPT"). Pursuant to the Catalist Rules, there were no IPTs of S$100,000 or more entered into by the Group during FY2019.

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

The net proceeds from the issuance of T2 CN B, which was completed on 21 April 2017, was approximately S$59.8 million (after deducting estimated expenses of S$0.2 million) ("**T2 Net Proceeds**"). On 29 December 2017, the Company announced certain reallocation of the T2 Net Proceeds. Subsequent thereto, the Company had on 8 August 2018 regrouped the initial intended use of proceeds ("**Regrouping**") and reallocate the balance unutilised proceeds ("**Further Re-Allocation**"). On 2 July 2019, the Company has extended the intended use of proceeds to include the acquisition of other business supplementary or complementary to the existing business of the Group ("**Change in Use**"). As at 24 February 2020, the T2 Net proceeds have been utilised as follows:

Intended purposes after Regrouping and Change in Use	**Amount allocated after Regrouping and Further Re-allocation** **(S$ million)**	**Amount utilised as at 24 February 2020** **(S$ million)**	**Amount unutilised as at 24 February 2020** **(S$ million)**
Working capital	39.80	34.85[(1)]	4.95
Acquisition and investment in GP and Specialist clinics and any other business supplementary or complementary to the existing business of the Group	20.00	5.04	14.96
	59.80	**39.89**	**19.91**

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

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

15. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A

As announced by the Company on 2 July 2019, the Company had entered into a share subscription agreement with Fully Holdings Pte. Ltd. ("**Fully Holdings**") and its existing shareholders to subscribe for 2,000,000 new ordinary shares in the capital of Fully Holdings at a subscription price of S$1.00 per share ("**Subscription Price**") (the "**Subscription**"). As a result of the acquisition, the Company currently owns approximately 16.67% of the share capital of Fully Holdings and Fully Holdings has been accounted for as associated company.

The aggregate Subscription Price paid in respect of the Subscription has been agreed upon and negotiated between the Company and Fully Holdings at arm's length, on a willing-buyer willing-seller basis, taking into account the imputed valuation of Fully Holdings based on the previous investment made by an investor in Fully Holdings.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business Segments

The Group has two reportable segments, as described below, which are the Group's strategic business units.

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

- Specialist Healthcare which comprise paediatrics, orthopaedics, aesthetic medicine, obstetrics and gynaecology and Nobel specialist comprising cardiology, gastroenterology, psychiatry, eye, ear, nose and throat and general surgery. During the FY2018 Q3, the Group exited from the Wellness Healthcare Segment.

Major Customer

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

The segment information for the reportable segments are as follows:

	← Singapore →			
	Primary Healthcare	**Specialist Healthcare**	**China Specialist Healthcare**	**Total**
2019	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Sales				
Total segment sales and sales to external parties	58,311	55,936	-	114,247
EBITDA	2,998	5,903	(130)	8,771
Depreciation of property, plant and equipment	7,069	3,814	8	10,891
Amortisation of intangible assets	-	-	-	-
Segment assets	115,021	88,777	97	203,895
Segment assets includes:				
- Additions to property, plant and equipment	11,640	4,212	1	15,853
- Additions to intangible assets	2,333	-	-	2,333
Segment liabilities	23,605	15,300	369	39,274

2018	Singapore		China	
	Primary Healthcare S$'000	Specialist Healthcare S$'000	Specialist Healthcare S$'000	Total S$'000
Sales				
Total segment sales and sales to external parties	56,404	56,270 *	-	112,674
EBITDA	(3,598)	59 *	(343)	(3,882)
Depreciation of property, plant and equipment	1,036	1,010 *	8	2,054
Amortisation of intangible assets	-	-	1	1
Segment assets	93,853	84,275	126	178,254
Segment assets includes:				
- 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 wellness healthcare for nine months ended 30 Sep 2018

(a) Reconciliation

(i) a reconciliation of EBITDA to loss before income tax is as follows:

	Group	
	2019 S$'000	2018 S$'000
EBITDA for reportable segments	8,771	(3,882)
Depreciation and amortisation of property, plant and equipment	(10,891)	(2,054)
Amortisation of intangible assets	-	(1)
Interest income	311	387
Finance expenses	(1,032)	(384)
Share of loss of associate	(139)	-
Loss before income tax	(2,980)	(5,934)

Geographical information

The Group operates in Singapore.

(b) Geographical information

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

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Performance by business segment

For FY2019, Primary healthcare segment contributed a higher proportion to the Group's revenue compared to Specialist segment. Revenue for Primary Healthcare segment had increased by 3.4% compared to a minor decline in revenue of 0.6% for Specialist segment.

Performance of the operating segments based on a measure of Earnings before interest, tax, depreciation and amortisation ("EBITDA") for continuing operations

The EBITDA for the Primary Healthcare segment had increased by S$6.6 million in FY2019 compared to FY2018 whereas EBITDA for Specialist segment increased by S$5.8 million in FY2019 compared to FY2018.

The overall increase in EBITDA in FY2019 for Primary Healthcare segment was mainly attributable to (a) absence in FY2019 of provision for onerous lease contracts of S$1.2 million for non-performing primary healthcare clinics closed in FY2018, and (b) reduction in rental expense upon adoption of SFRS (I) 16 by S$5.8 million.

The overall increase in EBITDA for Specialist segment was mainly attributable to (a) decrease in rental expenses upon adoption of SFRS(I) 16 by S$3.5 million, (b) reduction in medical supplies, consumables and laboratory expense of S$0.3 million, and (c) reduction in staff costs of S$1.1 million.

Performance by geographical segment

There are no significant changes in the contribution to the Group's revenue by Singapore operations in FY2019 as compared to FY2018.

18. A breakdown of sales.

Breakdown of sales

	Group		
	2019	**2018**	**Change**
	S$'000	**S$'000**	**%**
Sales reported for first half-year	55,333	57,304	(3.4)
Profit / (Loss) reported for first half-year	(1,754)	194	n.m.
Sales reported for second half-year	58,914	55,370	6.4
Loss reported for second half-year	(1,185)	(6,004)	(80.3)

n.m. denotes not meaningful.

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10). If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Abram Melkyzedeck Suhardiman	**31**	**Son-in-law** of Mr Stephen Riady, the Non-Executive Non-Independent Director and deemed substantial shareholder of the Company	Chief Operating Officer since 2017 and appointed as Executive Director effective 26 April 2019 Responsible in overseeing the Group's operation and corporate support functions including finance, legal, marketing, human resources, corporate communications and information technology divisions	N.A.

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

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

BY ORDER OF THE BOARD

Raymond Lam
Company Secretary
24 February 2020

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

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).