



WORKING TOGETHER FOR POSITIVE CHANGE

ANNUAL REPORT 2020



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

The contact person for the Sponsor is Ms. Gillian Goh, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg

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CORPORATE PROFILE

Healthway Medical Corporation Limited (“**Healthway Medical Corporation**” or the “**Company**” 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 eighty-nine (89) clinics and medical centres. These facilities are in most parts of Singapore, including many major private hospitals.

We offer comprehensive medical services including General Practitioner (“**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 Family Medicine and Dental services. We have fifty-nine (59) 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, under the Healthway Medical and Silver Cross 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 such as pre-departure swab tests, pre-employment examinations and vaccination.



Tele-Medicine

The Healthway Medical App was launched in 2020, offering teleconsultation services for both family medicine and specialist clinics. Through the integration with our proprietary Clinic Management System, the App provides a fully digitised patient journey to complement our island-wide clinic network. Patients can enjoy safe and convenient access to teleconsultation across a broad spectrum of healthcare services, ranging from primary care to specialist services like paediatrics and gastroenterology.



CORPORATE PROFILE



Health Screening

Healthway Screening @ Downtown provides a comprehensive range of health screening packages 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 our 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 PROFILE

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

We currently have thirty-one (31) specialists in eight (8) 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, Immunology, Asthma, Lung, Sleep and Allergy, 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, specialist educator, 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.



Orthopaedics

Island Orthopaedics is a healthcare chain under Healthway Medical 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.

CORPORATE PROFILE



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 (the "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 PsychHealth 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



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The Group continued to strengthen its financial position even amidst the challenges in FY2020, with a net profit before income tax of S\$2.5 million, as compared to a net loss before income tax of S\$3.0 million in FY2019.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

The year 2020 was a challenging year for the world. While the COVID-19 pandemic brought about massive disruption on many lives and economies, societies and communities also demonstrated great resilience amidst the tremendous challenges. The pandemic has placed unparalleled demands on modern healthcare systems, stretching resources and forcing accelerated change in order to alleviate the healthcare needs of communities. With the COVID-19 crisis far from over, healthcare providers must continue to rise to the rapidly evolving host of challenges and pull through to emerge stronger than before.

For the financial year ended 31 December 2020 (“**FY2020**”), Healthway Medical Corporation Limited (“**HMC**”, “**the Company**” or together with its subsidiaries, “**the Group**”) adopted a forward-looking and adaptable stance and remained resilient in the face of the immediate and long-term challenges posed by the pandemic. Through our extensive network of primary and specialist clinics, and the tireless efforts of our staff during this period of tremendous strain, we continued to strive towards our vision of providing holistic and dedicated care across the entire spectrum of healthcare needs. We pledged our support for nationwide efforts to curb the spread of the virus and stayed committed to providing the highest quality of care, value and accessibility to our patients.

Financial Performance

The Group continued to strengthen its financial position even amidst the challenges in FY2020, with a net profit before income tax of S\$2.5 million, as compared to a net loss before income tax of S\$3.0 million in FY2019. This is attributed to a combination of adaptive internal restructuring, the streamlining of operations, and the unrelenting dedication of our staff.

With the implementation of Circuit Breaker measures in the first half of 2020, and subsequent sustained movement restrictions to stem the community spread of the virus, the Group saw a decrease in patient volumes during the first half of the year for

both our Primary and Specialist segments. However, with the gradual relaxation of measures post-Circuit Breaker, the Group’s revenue improved in the second half of the year.

Our revenue for FY2020 declined by 14.7% to S\$97.4 million from the year before. The decrease is attributable to both Primary and Specialist segments though the impact to the Specialist segment was more profound as non-elective treatments and surgeries had to be deferred during the first phase of the Circuit Breaker period.

Operating costs reduced by S\$19.3 million from S\$117.7 million reported last year. This decrease was largely due to the reduction in manpower costs, lower costs for medical supplies, consumables and laboratory expenses, other operating expenses, which was in line with the drop in business activities.

After considering the finance cost, share of loss of associate and income tax credit, the Group’s net profit attributable to shareholders was S\$3.2 million as compared to net loss attributable to shareholders of S\$2.9 million for FY2019.

Reshaping Healthcare in a COVID-19 World

Over the past year, the healthcare industry has experienced deep challenges and had to pivot quickly to meet the healthcare needs of patients. The widespread impact of the pandemic required multistakeholder collaboration. Demonstrating the united effort towards mitigating the public health risk, public and private sector healthcare providers worked together with partners from other industries to drive constant innovation in services, processes, products, and business and delivery models that were better able to serve the needs of the Singapore community.

Even amidst the pandemic, we stayed rooted in our vision of empowering patients to lead healthier lives. As our family physicians, specialist doctors and clinic staff continued serving on the frontlines of the COVID-19 outbreak, the Company remained committed to enhancing our services and the patient journey through constant innovation.

CHAIRMAN'S STATEMENT

To complement the presence of our on-ground clinics, the Healthway Medical teleconsultation app was launched during FY2020. With the goal of providing our patients with the full spectrum of holistic services with greater convenience and peace of mind, the app currently houses doctors from both our Primary and Specialist units.

The Company has been actively supporting the Singapore Government's efforts to curtail the transmission of COVID-19, focusing on the twin pillars of testing and inoculation. Polymerase Chain Reaction ("PCR") testing is a critical part of the nation's efforts to stem the spread of the virus, as such, our clinics began conducting PCR tests from August 2020.

The next critical milestone in the battle against COVID-19 was reached with the approval and rollout of vaccines in February 2021. In support of the Singapore Government's nationwide vaccination programme, the Group has been appointed by the Ministry of Health to operate vaccination centres and mobile vaccination teams. As Singapore moves ahead through this critical phase of battling the pandemic, consistent testing within the community must be sustained to ensure a comprehensive approach in stemming the spread of the virus. The Group remains steadfast in our support for the nationwide efforts to encourage the uptake and administration of vaccines in a timely and safe manner.

In the longer term, the Group will remain adaptable, prudent and responsive as it continues to tackle the largely uncharted waters of the pandemic while remaining focused on delivering high-quality, affordable and accessible healthcare services to Singapore's ageing population.

Changes in Board of Directors

In July 2020, Mr Lin Weiwen, Moses retired as an Independent Director of the Company and member of each of the Audit and Risk Committee and the Nominating Committee, and the Chairman of the Remuneration Committee. We would like to thank Mr Lin for his contributions and invaluable counsel over the years.

In November 2020, Ms Aliza Knox was appointed as an Independent Director. In addition to her role as Independent Director, she also serves as a member of the Audit and Risk Committee, Nominating Committee and the Remuneration Committee. With her extensive experience in enterprise technology, digital media and international marketing, Ms Knox brings great value to the Company as we continue to strengthen the depth and diversity of the Board.

In Appreciation

On behalf of the Board and Management, I would like to express our heartfelt appreciation to all our frontline staff, doctors, clinical professionals and healthcare personnel. As the first line of defence in the battle against COVID-19, these frontline heroes have worked tirelessly to provide the highest quality of care for our patients and the community. I believe that the past year has shown us just how selfless our doctors and clinic staff can be, and as the situation persists, we remain ever grateful for their care and service.

Finally, the Board and Management would like to express our sincere gratitude to our valued shareholders for your continued trust and support. As we continue to battle the pandemic in the months ahead, I am confident that we will emerge from the current crisis stronger than before.

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 and last re-appointed on 6 July 2020. He is the Chairman of the Remuneration Committee, and a member of the Audit and Risk Committee and the Nominating 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 before he retired in March 2018.

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 Melkyzedek 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 (“**Deputy 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. He was last re-appointed on 6 July 2020 as the Executive Director.

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 pages 46 to 57 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, and as the Group Chief Executive Officer (in an expansion of his role as Executive Chairman) on 1 January 2020. 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 and Hongkong Chinese Limited in 1992 and in March 2011, he was appointed as Chairman of both companies. Dr Riady is the Executive President 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. Dr Riady is also a member of the remuneration committee and nomination committee of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese 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. Dr Riady also holds the positions of Trustee of the Global Board of Trustees of Asia Society; Executive Vice President, China Federation of Overseas Chinese Entrepreneurs; and Permanent Honorary Chairman, Singapore Research Centre 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 Co-Founder 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 co-founding Gateway Partners in 2014, Mr Kumar held leadership positions in several leading investment banks including Standard Chartered Bank and Morgan Stanley.

He is a Non-Executive Director of TVS Supply Chain Solutions (India), a member of the Board of Commissioners of PT Lippo Karawaci Tbk (Indonesia) and PT Lippo Cikarang Tbk (Indonesia), as well as an Independent Director of Tube Investments of India Limited and Cholamandalam Investment and Finance Company Limited.

Mr Kumar holds a Master of Business Administration degree from Vanderbilt University, United States of America.



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 6 July 2020. 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



MS ALIZA KNOX
Independent Director

Ms Aliza Knox was appointed as an Independent Director of the Company on 6 November 2020. She is also an Independent Director of Grant Thornton International, United Kingdom. She is a senior advisor to the Boston Consulting Group. She previously served on the boards of several listed companies such as Singapore Post Limited, Singapore and Scentre Group (Westfield), Australia and as an Independent Director and Technology Advisor to Technology Subcommittee of the Board, ANZ Bank, Australia.

Ms Knox was the Head of Asia Pacific ("**APAC**") of Cloudflare, Pte. Ltd. Prior to that, she was the Vice-President of APAC for Twitter Asia Pacific Pte. Ltd., having joined the digital enterprise after building a significant business for Google in APAC.

Ms Knox was named the IT Woman of the Year (APAC) 2020, AWA Singapore International Business Woman of the Year in 2015, elected to Chief Executive Women (Australia) in 2016, and featured in the 2018 book, "Women on Board- Making a Real Difference".

She led SWAT (Super Women at Twitter) and did the same for Women@Google. She has served on two key committees for the Singapore government. She has recently become a contributing columnist at Forbes.

Ms Knox has significant financial services and international experience. Her prior roles include Senior Vice-President ("**SVP**"), Commercial Solutions, Visa International; SVP, International, Charles Schwab; and Partner and Head of Financial Services at Boston Consulting Group in Sydney and Singapore.

Ms Knox graduated magna cum laude, Phi Beta Kappa with a Bachelor of Arts in Applied Math and Economics from Brown University, United States of America, and holds a Master of Business Administration with Distinction in Marketing from The New York University Leonard N. Stern School of Business, United States of America.

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 is a member of the Advisory Board of Healthway Medical Corporation Limited. Dr Neo is an accomplished medical practitioner with more

than 30 years of experience. Dr Neo also served as a Member of Parliament from 1997 up until her retirement last year at the 2020 General Election.



PROFESSOR BERNARD YEUNG

Professor Bernard Yeung serves on the Advisory Board of Healthway Medical Corporation Limited. Professor Yeung is Stephen Riady Distinguished Professor in Finance and Strategic Management at the National University of Singapore (“**NUS**”) Business School. He is also the President of the Asian Bureau of Finance and Economic Research. He served as the Dean of the NUS Business School from 2008 to 2019. He also serves as Independent Non-Executive Director of BOC Aviation Limited since 2016. 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, The Wall Street Journal and The People’s Daily.

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 Melkyzedek Suhardiman is the Deputy Chief Executive Officer and Executive Director of Healthway Medical Corporation Limited. Mr Suhardiman assists the CEO and 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 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, Primary Care Division & Projects

Mr Louis Poey is the Vice President of Primary Care Division & Projects in Healthway Medical Corporation Limited. Mr Poey is responsible for operations of the Primary Care Division, Dental and Projects.

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 in 2010 and 2015 respectively.

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 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, Specialist Division

Mr Ayush Johari is the Vice President of Specialist Division at Healthway Medical Corporation Limited. He oversees the operations of the Specialist Division and Health Screening. In addition, he helps to drive operational innovation and efficiency across the Healthway Group of clinics through technology and streamlining of the core business functions. He is also the Group’s designated Data Protection Officer.

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

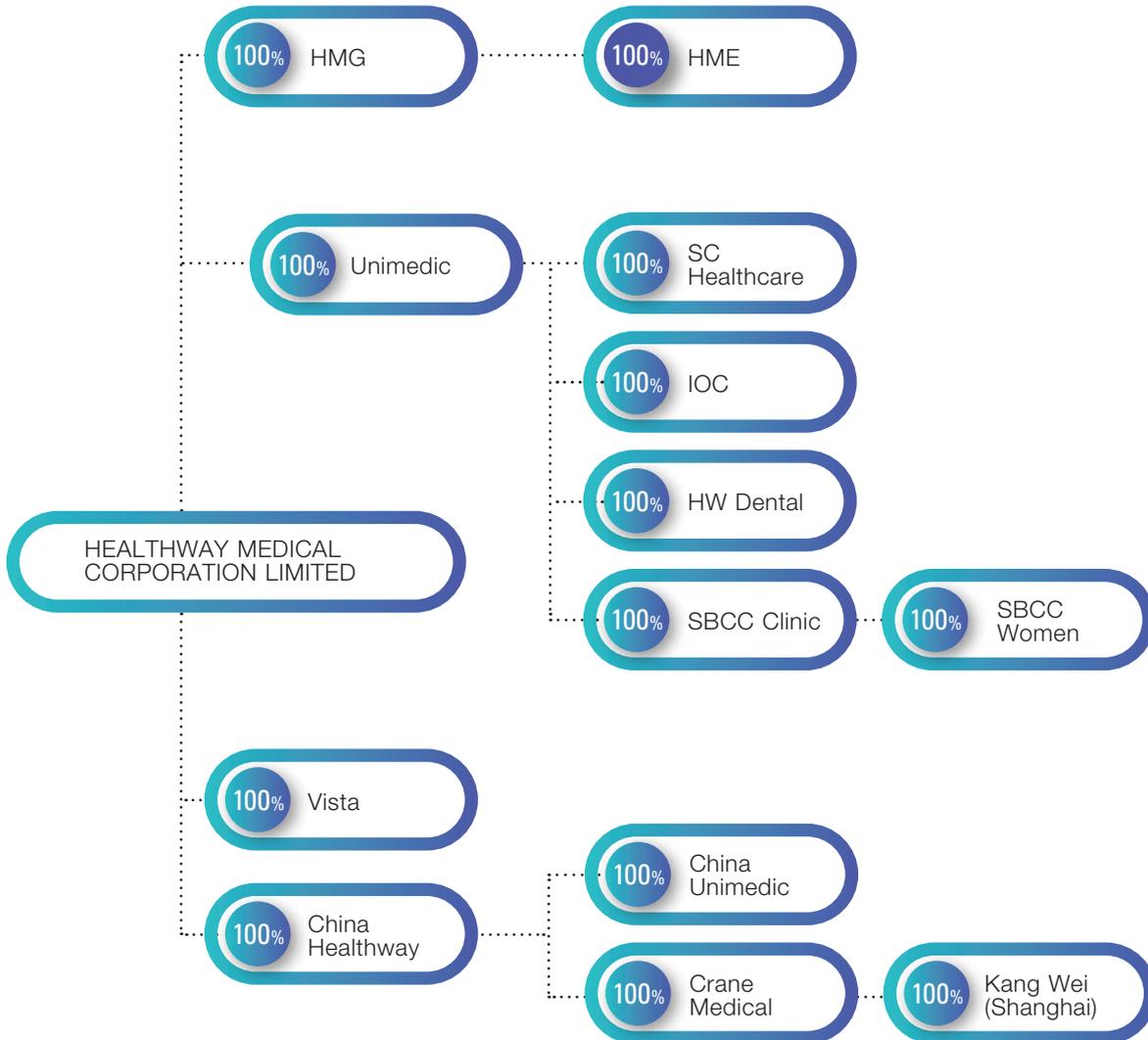
Mr Johari has more than 10 years of experience in the field of technology and innovation and holds a Bachelors in Computer Engineering from Purdue University, Indiana, United States.

OUR GROUP STRUCTURE

As at 31 December 2020



**Healthway
Medical**

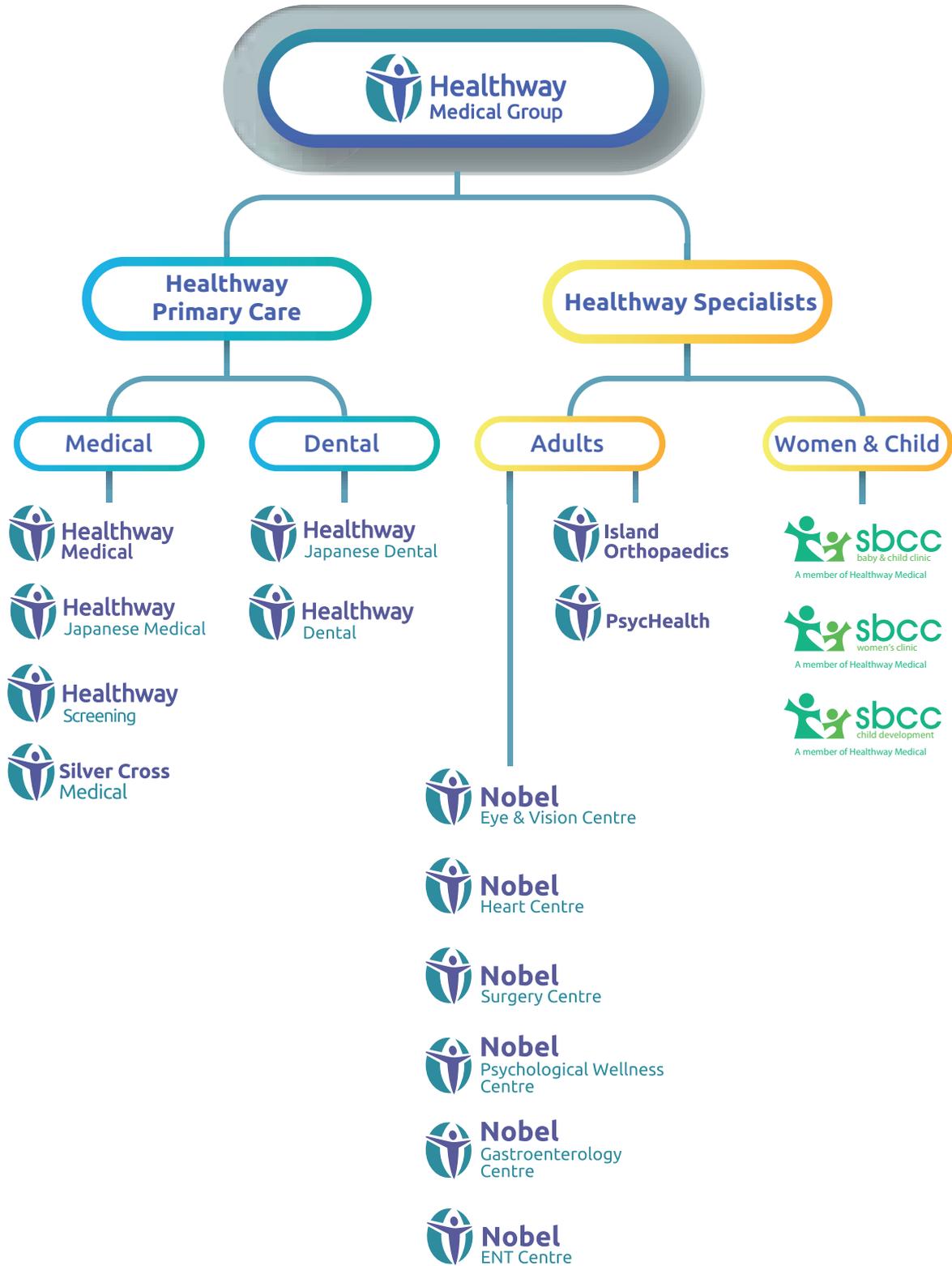


Note: The Company's investment in Associate, i.e. Fully Holdings Pte. Ltd. (15.68%) is excluded from the group structure above.

GROUP STRUCTURE DEFINITIONS

“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*)

ALIZA KNOX (*Independent Director*)

AUDIT AND RISK COMMITTEE

CHEN YEOW SIN, *Chairman*

SIN BOON ANN, *Member*

ALIZA KNOX, *Member*

NOMINATING COMMITTEE

CHEN YEOW SIN, *Chairman*

SIN BOON ANN, *Member*

ALIZA KNOX, *Member*

REMUNERATION COMMITTEE

SIN BOON ANN, *Chairman*

CHEN YEOW SIN, *Member*

ALIZA KNOX, *Member*

COMPANY SECRETARIES

RAYMOND LAM KUO WEI

LEH SI YUAN

SPONSOR

PRIMEPARTNERS CORPORATE
FINANCE PTE. LTD.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

SHARE REGISTRAR

BOARDROOM CORPORATE &
ADVISORY SERVICES PTE. LTD.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355

REGISTERED OFFICE

6 Shenton Way,
#10-09 OUE Downtown 2,
Singapore 068809
Telephone: (65) 6323 4415
Facsimile: (65) 6235 0809
Website: www.healthwaymedical.com

AUDITORS

ERNST & YOUNG LLP
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS
1 Raffles Quay
#18-01
Singapore 048583
Partner-in-charge: Philip Ng
(effective from the financial year ended
31 December 2020)

PRINCIPAL BANKERS

DBS BANK LIMITED
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
UOB Plaza 1
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. The Company had adopted the revised Code of Corporate Governance 2018 (“**2018 Code**”) for the financial year ended 31 December 2020 (“**FY2020**”). 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. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within 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 recuse from participating in the meetings, discussions and decisions 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.

Note A: As at the date of this Annual Report, HMC is not among the companies selected by SGX RegCo to continue performing quarterly reporting under the new risk-based approach to quarterly reporting of financial statements. The Company had on 12 May 2020 announced that it has opted to continue disclosing its quarterly financial statements on a voluntary basis. The Company had subsequently in the announcement dated 29 March 2021, announced that it would cease to perform quarterly financial reporting on a voluntary basis. The Board meetings of the Company will still be held on a quarterly basis and Board papers will be disseminated at least on a quarterly basis, including certain material transactions that would require the Board’s approval.

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 for FY2020. Ad-hoc meetings are convened when circumstances require. The Company’s Constitution (the “**Constitution**”) and terms of references for each committee provide 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 FY2020 are disclosed as follows:

	Board	ARC	NC	RC
Number of meeting held	4	5	2	2
Name of Director	Number of meetings attended			
Mr Sin Boon Ann	4	5	2	2
Dr Stephen Riady	4	–	–	–
Mr Abram Melkyzedeck Suhardiman	4	–	–	–
Mr Anand Kumar	4	–	–	–
Mr Chen Yeow Sin	4	5	2	2
Ms Aliza Knox ^(a)	1	1	–	–
Mr Lin Weiwen, Moses ^(b)	1	2	1	2

(a) Ms Aliza Knox was appointed as a Director with effect from 6 November 2020.

(b) Mr Lin Weiwen, Moses had retired as a Director with effect from 6 July 2020.

When considering the competing time commitments faced by Directors with multiple listed company board representations and/or other principal commitments, the NC reviews the time spent and attention given by each of the Directors to the Company’s affairs, and to assess the adequacy of all Directors in discharging their duties for FY2020. The NC had previously decided that a threshold for maximum limit of directorships and principal commitments of directors was not necessary. Based on the NC’s review, the NC is satisfied that all of the Directors have dedicated sufficient time and attention to the affairs of the Company in FY2020.

Newly-appointed Directors undergo an orientation program with materials provided to help them familiarise themselves 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.

REPORT OF CORPORATE GOVERNANCE

The Board as a whole is updated quarterly by Management, auditors (Except for May 2020's quarterly meeting, all quarterly meetings were attended by auditors. There were no auditors present at the Company's May 2020 meeting as Messrs Ernst & Young LLP ("EY") had been appointed in place of Messrs PricewaterhouseCoopers LLP ("PwC") for FY2020 onwards, but EY's appointment was only approved formally at the Adjourned Annual General Meeting of the Company held on 6 July 2020.) 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. 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. Ms Aliza Knox was newly-appointed as a Director of the Company during the financial year under review. Based on Ms Knox's past directorship in a Singapore-listed entity, she is not regarded as a "First-time Director" as described under Practice Note 4D read in conjunction with Rule 406(3)(a) of the Catalist Rules. The NC had ensured that Ms Knox is briefed on the background, operations and management of the Company and the Group prior to and after she was appointed, to help her understand her roles and responsibilities.

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 at the Company's expense. The Company had signed up for a corporate membership with the SID. 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. As part of the continuous development, the Company has dedicated Directors' training fund for the purpose of training and professional development programme for the Directors.

The details of seminars, conferences and training programmes attended by some of the director(s) in FY2020 include:-

- SID – COVID-19 Embedding Resilience
- SID – Singapore Governance and Transparency Index
- SID – Reviewing Financial Statements and Selecting Auditors

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, the Company Secretaries and external advisers (where necessary) to facilitate separate and independent access at the Company's expense.

REPORT OF CORPORATE GOVERNANCE

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	Annually

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.

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: As at the date of this Annual Report, HMC is not among the companies selected by SGX RegCo to continue performing quarterly reporting under the new risk-based approach to quarterly reporting of financial statements. The Company had on 12 May 2020 announced that it has opted to continue disclosing its quarterly financial statements on a voluntary basis. The Company had subsequently in the announcement dated 29 March 2021, announced that it would cease to perform quarterly financial reporting on a voluntary basis. The Board meetings of the Company will still be held on a quarterly basis and Board papers will be disseminated at least on a quarterly basis, including certain material transactions that would require the Board's approval.

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.

REPORT OF CORPORATE GOVERNANCE

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. As the Chairman of the Board, Mr Sin Boon Ann is an Independent Director, this provision is not applicable to the Company. The Company has also complied with Provision 2.3 of the 2018 Code whereby five (5) out of six (6) of its Directors are non-executive directors.

Mr Lin Weiwen, Moses, a former Independent Director of the Company had retired as a Director of the Company at the conclusion of the Company's Adjourned Annual General Meeting held on 6 July 2020 ("**Adjourned AGM**"). Following the retirement of Mr Lin and the withdrawal of the resolution on the proposed appointment of Ms Poh Mui Hoon as an Independent Director of the Company at the Adjourned AGM, the number of directors in all Board Committees including the ARC was reduced to below three (3) members. The Board had, with the approval of the extension of time till 6 November 2020 granted by the SGX-ST to comply with Rule 704(7) of the Catalist Rules, appointed Ms Aliza Knox as the new Independent Director and a member of each of the Board Committees of the Company on 6 November 2020. Subsequent to the appointment of Ms Knox, 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.

Taking into consideration factors above, the NC is of the view that Mr Chen Yeow Sin, Mr Sin Boon Ann and Ms Aliza Knox are independent. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs.

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, inappropriate or inadequate. The Independent Directors have met at least once in the absence of key management personnel in FY2020. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

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/her first appointment. Based on the current Board composition and the appointment records kept by the Company as at the date of the Annual Report, there will be no independent director serving on Board for an aggregate of nine (9) or beyond nine years from the date of his/her first appointment when Rule 406(3)(d)(iii) governing the continued appointment of independent director is in force on 1 January 2022.

Each Director has been appointed based on the strength of his/her 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.

REPORT OF CORPORATE GOVERNANCE

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	6	100%
– 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.

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 in line with this, the Company had appointed Ms Aliza Knox as the new Board member in an effort to improve the gender diversity of the Board.

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 at the 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.

REPORT OF CORPORATE GOVERNANCE

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 Abram Melkyzedek 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 Ms Aliza Knox. The three (3) members are Independent Directors. Mr Chen, who is the Lead Independent Director, is the Chairman of the NC.

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 in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
 - 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 the process and 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 and re-appointment of directors (including alternate directors, if any);
- 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 relevant Catalist Rules.

REPORT OF CORPORATE GOVERNANCE

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 overall balance of the Board, right blend of skills and the needs of the Company based on the candidate's track record, age, experience, capabilities, gender, ethnicity and culture, geographical background 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/she 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.

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 is in effect from 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, Dr Stephen Riady and Mr Anand Kumar are subject to retirement by rotation at the forthcoming AGM. Ms Aliza Knox is subject to retirement in accordance with Regulation 102 of the Company's Constitution and Rule 720(4) of the Catalist Rules. Dr Stephen Riady, Mr Anand Kumar and Ms Aliza Knox have expressed their willingness to be re-elected as a Director of the Company at the forthcoming AGM.

The NC has recommended to the Board that Dr Stephen Riady, Mr Anand Kumar and Ms Aliza Knox be nominated for re-election at the forthcoming AGM pursuant to Regulations 98 and 102 of the Company's Constitution respectively. In making the recommendations, the NC had considered the Director's overall contributions and performance. Additional information relating to Dr Stephen Riady, Mr Anand Kumar and Ms Aliza Knox as required under Rule 720(5) of the Catalist Rules can be found on pages 46 to 57 of this report.

REPORT OF CORPORATE GOVERNANCE

The Board is satisfied that each Director is able to and has been adequately carrying out his or her 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 taken into account when 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.

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 FY2020. 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	6 July 2020	Singapore <ul style="list-style-type: none"> • TIH Limited • HRnetGroup Limited • Rex International Holding Limited • OUE Limited • CSE Global Limited • Sarine Technologies Ltd. • The Trendlines Group Ltd. 	Singapore <ul style="list-style-type: none"> • Datapulse Technology Limited 	Singapore Drew & Napier LLC (Consultant)
Dr Stephen Riady	16 August 2017	27 April 2018	Singapore OUE Limited Overseas <ul style="list-style-type: none"> • Lippo Limited • Lippo China Resources Limited • Hongkong Chinese Limited 	Singapore OUE Lippo Healthcare Limited (Retired on 25 April 2019)	Executive Chairman and Group Chief Executive Officer of: <ul style="list-style-type: none"> • OUE Limited Executive Director, Chairman and Executive President of: <ul style="list-style-type: none"> • 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	<ol style="list-style-type: none"> 1. PT Lippo Karawaci Tbk 2. PT Lippo Cikarang Tbk 3. Tube Investments of India Limited 4. Cholamandalam Investment and Finance Company <p>Mr Kumar's directorships in PT Lippo Karawaci Tbk and PT Lippo Cikarang Tbk are associated with Mr Kumar's principal commitments as a Partner and Investment Committee member at Gateway Partners.</p> <p>Mr Kumar's directorships in Tube Investments of India Limited and Cholamandalam Investment and Finance Company Limited are in the capacity of an Independent Director.</p>	–	<p><u>Singapore</u></p> <ol style="list-style-type: none"> 1. Gateway Management Company Pte. Ltd. 2. Gateway Fund Company Pte. Ltd. 3. Gateway Fund II Company Pte. Ltd. 4. GW Confectionary Pte. Ltd. 5. GW Crown Pte. Ltd. 6. GW Three Pte. Ltd. 7. GW Supernova Pte. Ltd. 8. GW Redwood Pte. Ltd. 9. GW Sky Pte. Ltd. 10. Angsana Singapore Pte. Ltd. 11. Mahogany Singapore Company Pte. Ltd. 12. Falcon Investments Pte. Ltd. 13. Sparrow Investments Pte. Ltd. 14. Rain Tree Investments Pte. Ltd. 15. Ash Investments Pte. Ltd. <p><u>Overseas</u></p> <ol style="list-style-type: none"> 16. Gateway Partners Limited 17. Gateway Partners II Limited 18. Gateway (Cayman) Limited 19. Gateway Holdings Limited 20. Gateway Capital Partners Limited 21. GW Active Limited 22. GW Investments Limited 23. GW Partners Investments Limited (<i>formerly known as GW Retail Limited</i>) 24. Angsana International Limited 25. ASN Investments Limited 26. Tecoma Finance Limited (<i>formerly known as Angsana Finance Limited</i>) 27. TVS Supply Chain Solutions Limited 28. DRSR Logistics Services Private Limited 29. Angsana Finance Limited (<i>formerly known as Peregrine Finance Limited</i>) 30. Leopard Tree Finance Limited 31. Narra Finance 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	
					All the above entities are entities associated with Mr Kumar's principal commitments as a Partner and Investment Committee member at Gateway Partners.
Mr Chen Yeow Sin	21 July 2017	6 July 2020	–	–	<u>Singapore</u> • One Partnership PAC (Managing Director)
Mr Abram Melkyzedeck Suhardiman	26 April 2019	6 July 2020	<u>Singapore</u> TIH Limited	–	<u>Overseas</u> • City Ocean Group Limited
Ms Aliza Knox	6 November 2020	–	–	<u>Singapore</u> • Singapore Post Limited (ceased w.e.f. 11 July 2018) <u>Overseas</u> • Scentre Group (ceased w.e.f. 8 April 2020)	–

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 the 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 or her 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:–

- Board size and composition;
- Board information;
- Board process and accountability;
- Board Committee performance in relation to discharging their responsibilities set out in the respective terms of reference; and
- 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 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, were 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 Sin Boon Ann, Mr Chen Yeow Sin and Ms Aliza Knox. The three (3) members are Independent Non-Executive Directors. Mr Sin Boon Ann 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 candidates for the role of non-executive directors and each non-executive director's fees and remuneration, for 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.

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

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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 FY2020. The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. Except for Dr Stephen Riady, Mr Anand Kumar and Mr Abram Melkyzedeck Suhardiman, all Directors will receive the base fee for being a member of the Board and additional fees for being a Chairman and/or 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 10 February 2020 re-designated Mr Abram Melkyzedeck Suhardiman as the Executive Director and Deputy Chief Executive Officer during 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 FY2020.

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	<ol style="list-style-type: none"> 1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors 	<ol style="list-style-type: none"> 1. Current market and industry practices

Notwithstanding the challenging environment in FY2020, the RC is satisfied that the performance conditions were met for FY2020. In addition, amid the evolving COVID-19 pandemic during the financial year under review, the Board had proposed a 10% reduction in directors' fees for the financial year ended 31 December 2019 and the same had been approved by the Shareholders during the Adjourned AGM held in year 2020 (The directors' fees for the financial year ended 31 December 2019 have been revised downward voluntarily from S\$184,754 to S\$166,278.60 and approved by the shareholders of the Company in the Adjourned AGM FY2020 held on 6 July 2020. For detailed information, please refer to the Company's announcements released to SGX-ST via SGXNet on 12 May 2020 and 6 July 2020, respectively). The Board had proposed a directors' fee of S\$175,510 in respect of FY2020 to be recommended to the shareholders for approval at the upcoming AGM for FY2020.

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There is no termination, retirement or any post-employment benefits to Directors and key management personnel during FY2020.

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 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 the financial year ended 31 December 2019 (“**FY2019**”) and had granted and vested share awards to the eligible participants on 27 March 2020. There was no share buy-back exercise carried out during the financial year under review. The second tranche of share awards were vested on 29 March 2021 in accordance with the vesting timeline scheduled which was announced via the Company’s SGX announcement made on 27 March 2020. Both first and second tranches of the share awards vested were satisfied by way of transfer of treasury shares held by the Company, details of which were included in the announcements made on 27 March 2020 and 29 March 2021.

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 FY2020 is set out below:

Name of Director/CEO	Fee	Salary	Bonus	Benefits*	Total
	%	%	%	%	%
Below S\$250,000					
Mr Sin Boon Ann	100	–	–	–	100
Dr Stephen Riady	–	–	–	–	–
Mr Anand Kumar	–	–	–	–	–
Mr Abram Melkyzedeck Suhardiman ¹	–	98.6	–	1.4	100
Mr Chen Yeow Sin	100	–	–	–	100
Ms Aliza Knox ³	100	–	–	–	100
Mr Lin Weiwen, Moses ²	100	–	–	–	100
Below S\$500,000					
Dr Khor Chin Kee	–	99.2	–	0.8	100

Notes:

1. Mr Abram Melkyzedeck Suhardiman was appointed as an Executive Director of the Company on 26 April 2019. On 10 February 2020, he had been re-designated from Chief Operating Officer (“**COO**”) to Deputy CEO.
2. Mr Lin Weiwen, Moses had retired as a Director of the Company on 6 July 2020.
3. Ms Aliza Knox was appointed as an Independent Director of the Company on 6 November 2020.

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

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The 2018 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 and Deputy 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 two (2) key management personnel during FY2020.

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 FY2020. The spouse of the CEO of the Company (Dr Chong Bick Yew) is a GP doctor who received remuneration within the band of \$200,000 to \$300,000 in FY2020. 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.

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 was headed by Dr Khor Chin Kee, the Group CEO, and other committee members include Deputy CEO, Chief Operating Officer (“**COO**”) (*position vacant at the moment*), Chief Financial Officer (“**CFO**”), Deputy COO (*position vacant at the moment*) or any officers or employees of the Group/ Company which the committee deems appropriate. 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 CFO that the financial records have been properly maintained and the financial statements for FY2020 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 FY2020, based on enterprise risk management framework and the internal control policies and procedures established and maintained by the Company and the Group.

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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 2020.

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 reporting and further details on the policies and programmes in respect of the Company's sustainability practices would be disclosed in the Sustainability Report of the Company for FY2020 to be released to the SGX-ST via the SGXNet by 31 May 2021.

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 Ms Aliza Knox. 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 current external auditor, EY appointed during the previous AGM held on 6 July 2020 and the internal auditor, Messrs Baker Tilly TFW ("**Baker Tilly**") within the last two (2) years or hold any financial interest in EY and Baker Tilly.

With the appointment of Ms Aliza Knox as the new Board member and a member of each of the Board Committees, the Board is of the view that the ARC for FY2020 and the new composition of the ARC subsequent to the appointment of Ms Knox 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;

REPORT OF CORPORATE GOVERNANCE

- 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:– (i) appointment, re-appointment or removal of the external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- overseeing the Group's whistleblowing policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed-up on;
- 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;
- 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 Catalyst 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} unaudited financials 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.

Note A: On 7 February 2020, 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. The Company had on 12 May 2020 announced that it has opted to continue disclosing its quarterly financial statements on a voluntary basis. The Company had subsequently in the announcement dated 29 March 2021, announced that it would cease to perform quarterly financial reporting on a voluntary basis. The Board meetings of the Company will still be held on a quarterly basis and Board papers will be disseminated at least on a quarterly basis, including certain material transactions that would require the Board's approval.

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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 once, without the presence of Management during FY2020.

Certain Singapore-incorporated subsidiaries of the Company were audited by different auditors as disclosed in Note 13 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 EY, 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.

There is no audit fee paid or payable to the Company's former external auditors, PricewaterhouseCoopers LLP ("**PwC**"). The aggregate amount of fees paid or payable to EY, broken down into audit and non-audit services during FY2020 are as follows:

Audit fees	S\$290,000
Non-audit fees	–
Total	<u>S\$290,000</u>

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 EY.

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. Baker Tilly has confirmed that it 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 Professional Practices Framework ("**IPPF**") issued by the Institute of Internal Auditors.

In FY2020, 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. The team performing the internal audit comprises Certified Internal Auditors and the Partner has audit experience in the healthcare industry. The ARC, based on the feedback and confirmation received from Baker Tilly, is satisfied that Baker Tilly is independent, effective, adequately qualified (given, inter alia, its adherence to IPPF) and sufficiently resourced and has the appropriate standing within the Group to discharge its duties effectively.

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During the year under review, EY 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 EY, the following significant matter:

Significant matter	How the ARC reviewed the matter and what decisions were made
Impairment assessment of goodwill, brand names with indefinite useful lives and investment in subsidiaries	<p>The ARC considered the approach and valuation methodology applied in the impairment assessment for goodwill and brand name with indefinite useful lives and investment in subsidiaries. It reviewed the reasonableness of the cash flow forecast and the key assumptions used which included the revenue growth rates, discount rate and the long-term growth rate.</p> <p>The impairment assessment of goodwill, brand names with indefinite useful lives and investment in subsidiaries 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 2020. Refer to page 63 of this report.</p>

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 Chairman of the ARC and the Lead Independent Director. 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 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 Catalyst Rules, the Company has issued additional announcements to update Shareholders on the activities of the Company and the Group in FY2020.

The Company does not practice selective disclosure. Trade and materially 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 for FY2020. The Company had subsequently released an announcement on 29 March 2021 to the SGX-ST in relation to the Company's decision on the cessation of quarterly reporting of financial results. The Company's corporate information as well as the annual report are accessible on the Company's website and the SGXNet.

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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. Due to COVID-19 pandemic situation, the Company had made references and act in accordance with the relevant legislation/regulations in relation to the conduct of its AGM such as the COVID-19 (Temporary Measures) Act 2020, COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holdings) Order 2020 and/or the prevailing statements/joint, statements issued by the Accounting and Corporate Regulatory Authority, SGX and Monetary Authority of Singapore ("**AGM Guidelines**") from time to time. The Company had provided the Shareholders the opportunity and time to air their views and ask the Directors or the Management questions regarding the Company via various methods. These options include submission of questions in advance of the AGM via the Company's AGM website, or via a dedicated email address, or via physical submission of questions to a dedicated office address. The Company will continue to do so for its AGM in year 2021 taking into consideration of the current COVID-19 situation and in view that the AGM guidelines are still valid for AGMs to be held by 30 June 2021. Substantial and relevant questions received would be answered prior to the deadline for the submission of proxy forms and the date of the AGM and published in the form of an announcement on the SGXNet to ensure that the Shareholders are able to make informed decision of their votes based on the Company's responses to the questions received.

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 endeavours 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. Due to COVID-19 pandemic, 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 (contact number: +65 6323 4415 or email address: investorrelations@healthwaymedical.com) 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.

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. All Directors have attended the 2020 AGM. Whilst the AGM of the Company is a principal forum for dialogue and interaction with all Shareholders, the Company will continue to rely on the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 for the upcoming AGM given the current COVID-19 pandemic situation. The Company would also consider other forums such as virtual analyst briefings as and when applicable.

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The Constitution of the Company allows members of the Company to appoint not more than two (2) proxies (proxy needs not be a member) to attend and vote on their behalf at a general meeting by submitting proxy forms within the stipulated timeline to the Company. These voting mechanisms allow for absentia voting and facilitates members to exercise their voting rights. 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. Under current COVID-19 situation where AGM was held/would be held electronically, the Shareholders who intend to vote for the AGM resolutions must submit proxy forms to appoint the Chairman of the AGM to vote.

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 made available to the Shareholders and the public by way of announcement via SGXNet and the Company's corporate website. The Company will also upload the minutes to the Company's website 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 2020 which will be published by 31 May 2021.

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 FY2020 as the Company wishes to conserve and deploy cash for future growth and expansion needs. 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.

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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 trade and materially price-sensitive information. For interim and full-year financial results of FY2020, the Company has elected to voluntarily disclose its quarterly financial statements for FY2020 and as such, the Company, its Directors and its officers were 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. The Company had subsequently released an announcement on 29 March 2021 to SGX-ST in relation to the Company's decision on the cessation of quarterly reporting of financial results on a voluntary basis.

With the cessation of the quarterly reporting of the financial results, the Company would announce its first half financial statements (as set out in Appendix 7C of the Catalist Rules) immediately after the figures are available, but in any event not later than 45 days after the relevant financial period (i.e. 30 June) in accordance with Rule 705(3) of the Catalist Rules; and the Company and its officers would not deal in the Company securities during the period of one (1) month before the announcement of the company's half year and full year financial statements (as the Company does not announce its quarterly financial statements) in compliance with Rule 1204(19) of the Catalist Rules.

Interested Person Transactions ("IPTs")

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

All IPTs are documented in the form of IPT registers and submitted quarterly to the ARC and the Board 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.

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As at the date of the annual report and in FY2020, the Company does not have general mandate for IPTs. The following table summarised the IPT(s) entered into by the Company during the financial year under review:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions the financial period under review which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Leasing IPT			
DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust ("OUE C-REIT") ("DBS Trustee")) ¹	Associates of – Lippo Limited, – Lippo Capital Limited, – Lippo Capital Holdings Company Limited, – Lippo Capital Group Limited and – Dr Stephen Riady (together, the "Relevant Persons") ³	S\$2,339,241	–
Subleasing IPT			
OUE Lippo Healthcare Limited ("OUELH") ²	OUELH is considered as an associate of each of the Relevant Persons ³	S\$777,672	–
Total		S\$3,116,913	–

Notes:-

- The Company had on 30 July 2020 accepted letter of offer issued by DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust ("OUE C-REIT") ("DBS Trustee") to lease units located at OUE Downtown Gallery ("Premises"). OUE C-REIT is considered an associate of HMC's controlling shareholders.
- The Company had also on 29 July 2020 entered into a sub-lease agreement with OUE Lippo Healthcare Limited ("OUELH") (formerly known as International Healthway Corporation Limited) for the sublease of unit #10-09A of the Premises for a period of three (3) years commencing from 1 August 2020 (the "OUELH Sublease").
- Further details of the interested person had been announced to the SGX-ST by the Company via SGXNet on 30 July 2020.

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Non-Sponsor Fees

There was no non-sponsor fee paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2020.

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 FY2020 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 entered into or subsisting in FY2020 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.
- Further to the above Deed, a Letter of Offer was accepted on 30 July 2020 to renew the lease agreement between the Company and DBS Trustee in respect of OUE Downtown 2 for a period of three (3) years from 1 August 2020 to 31 July 2023 ("**Term**") and the Term comprised a rebate on the rent and service charge payable for OUE Downtown 2 for one (1) month between 1 July 2023 to 31 July 2023. The Company had released the relevant announcement to the SGX-ST via SGXNet on 30 July 2020.
- 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 the date of this annual report, 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 (\$ million)	Amount Utilised as at 5 April 2021 (\$ million)	Amount Unutilised as at 5 April 2021 (\$ 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	5.52	14.48
Total	59.80	41.38	18.42

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 fourth 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 fourth year SR falls within the financial year ended 31 December 2020 and would include data and information from 1 January 2020 to 31 December 2020. 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 2020, which will be released and be available at the Company’s website and on the SGXNet by 31 May 2021.

ADDITIONAL INFORMATION ON 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 Dr Stephen Riady, Mr Anand Kumar and Ms Aliza Knox as set out in Appendix 7F of the Rules of Catalist is set out below:

DIRECTORS SEEKING RE-ELECTION	DR STEPHEN RIADY	MR ANAND KUMAR	MS ALIZA KNOX
Date of Appointment	16 August 2017	24 March 2017	6 November 2020
Date of last re-appointment	27 April 2018	26 April 2019	N.A.
Age	60	53	60
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 Dr Stephen Riady as the Non-Independent Non-Executive Director be/was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Dr Riady’s qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Anand Kumar as the Non-Independent Non-Executive Director be/was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Mr Kumar’s qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms Aliza Knox as the Independent Director be/was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration Ms Knox’s qualifications, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent Non-Executive Director	Non-Independent Non-Executive Director	Independent Director, member of the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee
Professional qualifications	Bachelor of Science, Business Administration, University of Southern California (United States of America) Master of Business Administration, Golden Gate University (United States of America) Honorary Degree of Doctor of Business Administration, Edinburgh Napier University (United Kingdom)	Master of Business Administration, Vanderbilt University, United States of America	Master of Business Administration in Marketing, The New York University Leonard N. Stern School of Business, United States of America (<i>Distinction</i>) Bachelor of Arts in Applied Math and Economics, Brown University, United States of America (<i>Magna Cum Laude, Phi Beta Kappa</i>)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

DIRECTORS SEEKING RE-ELECTION	DR STEPHEN RIADY	MR ANAND KUMAR	MS ALIZA KNOX
<p>Working experience and occupation(s) during the past 10 years</p>	<p><u>Auric Pacific Group Limited</u> Executive Director (1997 to Present)</p> <p><u>Hongkong Chinese Limited</u></p> <ul style="list-style-type: none"> • Executive Director (1992 to Present) • Member of the Nomination Committee and the Remuneration Committee (2005 to Present) • Chairman (2011 to Present) • Executive President (2015 to Present) <p><u>Lippo China Resources Limited</u></p> <ul style="list-style-type: none"> • Executive Director (1992 to Present) • Member of the Nomination Committee and the Remuneration Committee (2005 to Present) • Chairman (2011 to Present) • Executive President (2015 to Present) <p><u>Lippo Limited</u></p> <ul style="list-style-type: none"> • Executive Director and Chairman (1991 to Present) • Member of the Nomination Committee and the Remuneration Committee (2005 to Present) • Executive President (2015 to Present) <p><u>QUE Limited</u></p> <ul style="list-style-type: none"> • Executive Director (2006 to Present) • Executive Chairman (2010 to Present) • Group Chief Executive Officer (2020 to Present) 	<p>August 2014 to Present Executive Director, Gateway Management Company Pte. Ltd.</p> <p>October 2013 to August 2014 Managing Director/Global Head – Capital Markets, Standard Chartered Bank</p> <p>November 2010 to October 2013 Managing Director/Head of Origination & Client Coverage (OCC), Co-head, Wholesale Banking, South East Asia & Australia, Standard Chartered Bank</p>	<p>January 2018 to January 2021 Head of Asia Pacific, Cloudflare, Pte. Ltd.</p> <p>April 2017 – September 2017 Chief Operating Officer, Unlockd Media Singapore Pte. Ltd. (Dissolved – Members’ Voluntary Winding Up)/Unlockd Australia</p> <p>November 2012 – April 2017</p> <ul style="list-style-type: none"> • (November 2016 – April 2017) Vice President, APAC, Twitter Asia Pacific Pte. Ltd. • (September 2015 – October 2016) Vice President, Online Sales APAC & LATAM, Twitter Asia Pacific Pte. Ltd. • (October 2014 – August 2015) Managing Director, Online Sales APAC & LATAM, Twitter Asia Pacific Pte. Ltd. • (November 2012 – September 2014) Managing Director, Online Sales APAC, Twitter Asia Pacific Pte. Ltd. <p>November 2007 to November 2012</p> <ul style="list-style-type: none"> • (January 2012 – November 2012) Managing Director, Commerce APAC, Google Inc. (Mountain View, CA and Singapore) • (November 2007 – December 2011) Managing Director, Online Sales and Operations APAC, Google Inc. (Mountain View, CA and Singapore)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

DIRECTORS SEEKING RE-ELECTION	DR STEPHEN RIADY	MR ANAND KUMAR	MS ALIZA KNOX
Shareholding interest in the listed issuer and its subsidiaries	<p>Yes</p> <p>Dr. Stephen Riady is deemed interested in 1,848,641,265 ordinary shares in the Company (“Shares”). Dr Stephen Riady is the beneficial owner of 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 (“LCL”). LCL is the holding company of Lippo Limited which in turn is the holding company of Lippo China Resources Limited (“LCR”). Gentle Care Pte. Ltd. (“GC”) and Continental Equity Inc. (“CEI”) are wholly owned by LCR. 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, LCR has an interest in the Shares in which Gentle Care and CEI have an interest, amounting to a total interest in 1,848,641,265 Shares (40.91%) and Dr Stephen Riady is deemed to be interested in such Shares.</p>	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	<p>Yes</p> <p>Father-in-law of Mr Abram Melkyzedeck Suhardiman, the Executive Director and Deputy Chief Executive Officer of the Company</p> <p>Brother of Dr James Tjahaja Riady, a substantial shareholder of the Company</p>	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

DIRECTORS SEEKING RE-ELECTION	DR STEPHEN RIADY	MR ANAND KUMAR	MS ALIZA KNOX
Conflict of interest (including any competing business)	No	No	Yes Ms Knox's spouse, Linton Atlas, holds an interest in a special purpose vehicle, via Golden Gate Ventures ("GGV") and GGV holds a less than 1% interest in PT Sumo Teknologi Solusi ("PT Sumo") which develops Alodoktor, a tele-medicine platform based in Indonesia and it is not involved in the operations of medical clinics unlike the Company. Notwithstanding the aforesaid, Ms Knox's spouse is a passive angel investor in Alodoktor and is not involved in the operations or management of PT Sumo. He is also not a director of these companies and have no access to confidential information of Alodoktor.
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)	<u>Principal Commitments including Directorships</u> 1. OUE Lippo Healthcare Limited 2. Paramount Cayman Limited (formerly known as Lippo Cayman Limited) 3. Lippo Health Care Limited 4. China Merchants Lippo Hospital Management (Shenzhen) Limited 招商力宝医院管理(深圳)有限公司 5. Lanius Limited 6. Lippo Assets (International) Limited 7. Lippo Energy Group Limited 8. Meritus International Pte. Ltd. 9. Singapore Mandarin International Hotel Pte Ltd 10. Singapore Meritus International Hotel Pte Ltd 11. Goldsney Investment Limited 12. PT Lippo Karawaci Tbk (Commissioner) 13. Singapore Badminton Association (Patron)	<u>Directorships</u> <u>Singapore</u> 1. GW Grey Pte. Ltd. 2. GW Forest Pte. Ltd. <u>Overseas</u> 1. Avalon Technologies Private Limited 2. Emantras Interactive Technologies Private Limited 3. Sienna Ecad Technologies Private Limited 4. GW Orchid Limited	<u>Principal Commitments including Directorships</u> 1. Independent Director, Scentre Group (Westfield), Australia 2. Independent Director, Singapore Post Limited, Singapore 3. Independent Director, Gfk, Germany 4. Independent Director, Invocare, Australia 5. Independent Director and Technology Advisor to Technology Subcommittee of the Board, ANZ Bank, Australia 6. Head of Asia Pacific, Cloudflare, 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 DIRECTORS SEEKING RE-ELECTION

DIRECTORS SEEKING RE-ELECTION	DR STEPHEN RIADY	MR ANAND KUMAR	MS ALIZA KNOX
Present	<p>Directorships and/or Chairmanships</p> <ol style="list-style-type: none"> 26A Corporation Pte. Ltd. Auric Pacific Group Limited Abital Trading Pte Ltd Boudry Ltd. Bentham Holdings Limited Cajan Enterprises Limited Castar Assets Limited Chalton Assets Limited China Pacific Electric Limited China Pacific Holdings Limited Creaworld (Holdings) Company Limited Dragon Board Holdings Limited Energetic Holdings Limited First Tower Corporation Fullerton Capital Limited Global Alliance International Limited Global Vision Company Limited HCL Financial Services Limited Hongkong Chinese Limited Istan Assets Limited J & S Company Limited Keytime Holdings Limited Lippo Asia Limited Lippo Capital Group Limited Lippo Capital Holdings Company Limited Lippo Capital Limited Lippo China Resources Limited Lippo Holding Company Limited Lippo Investments Limited Lippo Limited Lippo Realty Limited Mantor Assets Limited Max Turbo Limited OUE Limited Radical Profits Limited Reiley Inc. Sinovex Limited Skyscraper Realty Limited Super Assets Company Limited The HCB General Investment (Singapore) Pte Ltd 	<p>Principal Commitments Including Directorships</p> <p>The below directorships are associated with Mr Kumar's principal commitment as a Partner and Investment Committee member at Gateway Partners.</p> <p><u>Singapore</u></p> <ol style="list-style-type: none"> Gateway Management Company Pte. Ltd. Gateway Fund Company Pte. Ltd. Gateway Fund II Company Pte. Ltd. GW Confectionary Pte. Ltd. GW Crown Pte. Ltd. GW Three Pte. Ltd. GW Supernova Pte. Ltd. GW Redwood Pte. Ltd. GW Sky Pte. Ltd. Angsana Singapore Pte. Ltd. Mahogany Singapore Company Pte. Ltd. Falcon Investments Pte. Ltd. Sparrow Investments Pte. Ltd. Rain Tree Investments Pte. Ltd. Ash Investments Pte. Ltd. <p><u>Overseas</u></p> <ol style="list-style-type: none"> Gateway Partners Limited Gateway Partners II Limited Gateway (Cayman) Limited Gateway Holdings Limited Gateway Capital Partners Limited GW Active Limited GW Investments Limited GW Partners Investments Limited (formerly known as GW Retail Limited) Angsana International Limited ASN Investments Limited Tecoma Finance Limited (formerly known as Angsana Finance Limited) 	<p>Directorships</p> <p>Independent Director, Grant Thornton International, United Kingdom</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

DIRECTORS SEEKING RE-ELECTION	DR STEPHEN RIADY	MR ANAND KUMAR	MS ALIZA KNOX
	<p>41. Trefar Enterprises Limited</p> <p>42. Wollora Assets Limited</p> <p>43. Singapore Symphony Orchestra Council (<i>Council Member</i>)</p> <p>44. Kong Hwa School Alumni (<i>Honorary Chairman</i>)</p> <p>45. Singapore Management University (SMU) Business Families Institute (<i>Founding Member</i>)</p> <p>46. Securities Investors Association of Singapore (SIAS) (<i>Honorary Patron</i>)</p> <p>47. Singapore Research Centre of Institute for Global Development of Tsinghua University (<i>Permanent Honorary Chairman</i>)</p> <p>48. University of Hong Kong Foundation for Education Development and Research (<i>Founding Honorary Advisor</i>)</p> <p>49. The Incorporated Trustee of Volunteer Service Trust (<i>Patron and Trustee</i>)</p> <p>50. The Better Hong Kong Foundation (<i>Member of the Board of Trustees</i>)</p> <p>51. Advisory Council of One Country, Two Systems Research Institute (<i>Member</i>)</p> <p>52. Agency for Volunteer Service (AVS) (<i>Honorary Advisor</i>)</p> <p>53. Asia Society (<i>Trustee, Global Board of Trustees</i>)</p> <p>54. Pacific Basin Economic Council (PBEC) (<i>Member</i>)</p> <p>55. Provincial Government of Fujian, People's Republic of China (<i>Member of the Committee to promote economic cooperation between Fujian and Hong Kong</i>)</p> <p>56. Sloan School of Management of the Massachusetts Institute of Technology, United States of America (<i>Member of the Advisory Board</i>)</p> <p>57. The Duke of Edinburgh's Award World Fellowship (<i>Fellow</i>)</p> <p>58. China Federation of Overseas Chinese Entrepreneurs (<i>Executive Vice President</i>)</p>	<p>27. TVS Supply Chain Solutions Limited</p> <p>28. DRSR Logistics Services Private Limited</p> <p>29. Angsana Finance Limited (<i>formerly known as Peregrine Finance Limited</i>)</p> <p>30. Leopard Tree Finance Limited</p> <p>31. Narra Finance Limited</p> <p>32. PT Lippo Karawaci TBK</p> <p>33. PT Lippo Cikarang TBK</p> <p><u>Other directorships which are not principal commitments</u> Mr Kumar holds three (3) other directorships which are not his principal commitments in:</p> <p>34. General Master Worldwide Limited</p> <p>35. Tube Investments of India Limited (Independent Director)</p> <p>36. Cholamandalam Investment and Finance Company (Independent Director)</p>	

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

DIRECTORS SEEKING RE-ELECTION	DR STEPHEN RIADY	MR ANAND KUMAR	MS ALIZA KNOX
	<p>Principal Commitments</p> <ol style="list-style-type: none"> Executive Chairman and Group Chief Executive Officer, OUE Limited Executive Director, Chairman and Executive President, Lippo Limited Executive Director, Chairman and Executive President, Lippo China Resources Limited Executive Director, Chairman and Executive President, Hongkong Chinese Limited 		
(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
(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	<p>Yes.</p> <p>Ms Knox was the Chief Operating Officer of Unlockd Australia, an Australian-based start-up between April – September 2017. The company filed for bankruptcy in New York in October 2018 because the business model is not viable. Unlockd Media Singapore Pte. Ltd. was also dissolved under a member's voluntary winding up.</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

DIRECTORS SEEKING RE-ELECTION	DR STEPHEN RIADY	MR ANAND KUMAR	MS ALIZA KNOX
(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
(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 DIRECTORS SEEKING RE-ELECTION

DIRECTORS SEEKING RE-ELECTION	DR STEPHEN RIADY	MR ANAND KUMAR	MS ALIZA KNOX
(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
(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?:-			

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

DIRECTORS SEEKING RE-ELECTION	DR STEPHEN RIADY	MR ANAND KUMAR	MS ALIZA KNOX
(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	<p>Yes</p> <p>Ms Knox was an Independent Non-Executive Director of SGX-listed Singapore Post Limited ("SingPost") from 30 August 2013 to 11 July 2018 ("Directorship"). During Ms Knox's Directorship, SingPost underwent a special audit and corporate governance review, and the company was publicly reprimanded by the SGX for breaches of certain listing rules (please refer to SingPost's announcement dated 4 May 2017) in relation to the non-disclosure of conflict of interest in a transaction by Keith Tan Ah Kee, a former Independent Non-Executive Director of SingPost.</p> <p>SingPost's lawyer confirmed SingPost's compliance with the SGX's requirement (that is, to provide independent confirmation on the implementation of the recommendations as set out in the executive summary of the special audit report) on 29 December 2016.</p> <p>The SGX referred the case to the relevant authorities. To date, Ms Knox has not been contacted by any relevant authorities in relation to, nor know the status of, this case.</p>
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

DIRECTORS SEEKING RE-ELECTION	DR STEPHEN RIADY	MR ANAND KUMAR	MS ALIZA KNOX
(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
(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,	<p>Yes.</p> <p>Dr Stephen Riady has been a Non-Independent Non-Executive Director of Healthway Medical Corporation Limited (the "Company") since 16 August 2017.</p> <p>The Company had received enquiries and communicated with the Singapore Exchange Regulation Pte. Ltd. in relation to its obligations under Catalist Listing Rule 703(4)(a) read with paragraph 27(a) of the Corporate Disclosure Policy. This arose from certain inaccurate disclosures in the Company's annual report for the financial year ended 31 December 2019 ("AR 2019") pertaining to the re-election of Mr. Sin Boon Ann and the appointment of Ms. Poh Mui Hoon. The AR 2019 had been announced on the SGXNet on 15 April 2020 and the aforesaid disclosures were subsequently revised and corrected by way of a corrigendum to the AR 2019 announced on the SGXNet on 22 June 2020.</p>	<p>Yes.</p> <p>Mr Anand Kumar has been a Non-Independent Non-Executive Director of Healthway Medical Corporation Limited (the "Company") since 24 March 2017.</p> <p>The Company had received enquiries and communicated with the Singapore Exchange Regulation Pte. Ltd. in relation to its obligations under Catalist Listing Rule 703(4)(a) read with paragraph 27(a) of the Corporate Disclosure Policy. This arose from certain inaccurate disclosures in the Company's annual report for the financial year ended 31 December 2019 ("AR 2019") pertaining to the re-election of Mr. Sin Boon Ann and the appointment of Ms. Poh Mui Hoon. The AR 2019 had been announced on the SGXNet on 15 April 2020 and the aforesaid disclosures were subsequently revised and corrected by way of a corrigendum to the AR 2019 announced on the SGXNet on 22 June 2020.</p>	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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

DIRECTORS SEEKING RE-ELECTION	DR STEPHEN RIADY	MR ANAND KUMAR	MS ALIZA KNOX
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.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Healthway Medical Corporation Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) and the balance sheet of the Company for the financial year ended 31 December 2020.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (ii) 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:

Dr Stephen Riady

Sin Boon Ann

Chen Yeow Sin

Anand Kumar

Abram Melkyzedeck Suhardiman

Aliza Knox

(Appointed on 6 November 2020)

Arrangements to enable directors to acquire shares and debentures

Except as disclosed below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, 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

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of directors	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Healthway Medical Corporation Limited				
Ordinary shares				
Dr Stephen Riady ⁽¹⁾	–	–	1,848,641,265	1,848,641,265
Abram Melkyzedeck Suhardiman	–	42,179,700	–	–

(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, 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.

The directors' interests in the ordinary shares of the Company as at 21 January 2021 were the same as those as at 31 December 2020.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options or debentures of the Company, or of related corporations, either at the beginning, or date of appointment if later, or at the end of the financial year.

Options and performance shares

At the Extraordinary General Meeting held on 26 April 2019, shareholders approved the Healthway Medical Performance Share Plan (the "Performance Share Plan") that gives the rights to grant awards to full time employees of the Group at the absolute discretion of the Remuneration Committee (the "RC").

The RC, comprising Messrs Sin Boon Ann (Chairman), Chen Yeow Sin and Aliza Knox, is responsible for administering the Performance Share Plan.

Performance Share Plan

The Performance Share Plan applies to all full-time employees (including the Executive Directors) of the Group, including those who may be Controlling Shareholders and their Associates, who are key employees or are in key management position and have attained the age of 21 years and above on or before the relevant date of grant of the Award, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors.

DIRECTORS' STATEMENT

Options and performance shares (Continued)

Performance Share Plan (Continued)

The awards granted under the Performance Share Plan are conditional on Performance Targets set based on factors including but not limited to the Group's business goals and directions for each financial year, the participant's job scope and responsibilities, and the prevailing market and economic conditions. The Performance Share Plan contemplates the award of fully-paid shares to participants after certain pre-determined benchmarks have been met. Awards are released once the Remuneration Committee is satisfied that the prescribed target(s) have been achieved.

Performance shares granted/vested

Date of grant of performance shares	Performance shares outstanding at 1 January 2020	Performance shares granted	Vested	Performance shares outstanding at 31 December 2020
27/03/2020	–	24,344,800	(8,114,900)	16,229,900
	–	24,344,800	(8,114,900)	16,229,900

There were no performance shares granted to directors and controlling shareholders (or their associates) and key executives of the Company from the commencement of the Performance Share Plan to the end of the financial year. In addition, no individual has been granted 5.0% or more of the total number of shares to be comprised in the awards available under the Performance Share Plan, from the commencement of the Performance Share Plan to the end of the financial year.

Options granted/exercised

The Company does not have any share option scheme in place, and accordingly:

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.

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

Aliza Knox

(Appointed on 6 November 2020)

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).

DIRECTORS' STATEMENT

Audit and Risk Committee (“ARC”) (Continued)

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 Catalyst) 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.

The ARC has recommended to the Board that the independent auditor, Ernst & Young LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent Auditor

The independent auditor, Ernst & Young LLP, has expressed its willingness to accept re-appointment.

On behalf of the board of directors:

Chen Yeow Sin
Director

Anand Kumar
Director

Singapore
5 April 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Healthway Medical Corporation Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Healthway Medical Corporation Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of 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)**”) 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 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“**ACRA**”) 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor’s responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Healthway Medical Corporation Limited

Key audit matters (Continued)

Impairment assessment of goodwill, brand names with indefinite useful lives and investment in subsidiaries

As at 31 December 2020, the goodwill and brand names with indefinite useful lives were carried at \$146.0 million, which represents 84.3% of the Group's total non-current assets and 80.9% of total equity. Management allocated goodwill and brand names with indefinite useful lives to the respective cash-generating units ("CGUs") as disclosed in Note 15 to the financial statements. The recoverable amounts of the identified CGUs have been determined based on value-in-use ("VIU") calculations. As at 31 December 2020, the Company's investment in subsidiaries amounted to \$212.2 million. The subsidiaries operate clinics in Singapore. As disclosed in Note 13 to the financial statements, in consideration of the business impact from the COVID-19 pandemic and the operating performance of the Company's subsidiaries, management has performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations.

We considered the audit of management's impairment assessment of goodwill, brand names with indefinite useful lives and investment in subsidiaries to be a key audit matter due to the magnitude of the carrying amounts of goodwill, brand names with indefinite useful lives and investment in subsidiaries in the financial statements as at 31 December 2020. In addition, these areas were significant to our audit because the impairment assessment process involves significant management judgement coupled with the heightened level of estimation uncertainty associated with the current market and economic condition, which requires the management to make various assumptions in the underlying cash flow forecasts.

In response to these areas of focus, we performed the following procedures, amongst others:

- obtained an understanding of management's impairment assessment process and how management has considered the impact of the COVID-19 pandemic on the underlying key assumptions;
- reviewed the robustness of management's budgeting process by comparing the actual financial results against previous projections;
- assessed the valuation method used by management and evaluated the key assumptions used in the impairment analysis, in particular the discount rates, long-term growth rates, budgeted revenue and budgeted costs;
- involved our internal valuation specialists to assist us in evaluating the reasonableness of discount rates and long-term growth rates used by comparing to relevant market data and historical trends;
- evaluated the reasonableness of budgeted revenue and budgeted costs by comparing the actual revenue and costs achieved in the past against previous projections with further consideration of management's business development plans and current market conditions as well as discussion with management to understand the rationale for the variances; and
- reviewed management's analysis of the sensitivity of the value-in-use calculations to reasonably possible changes in the key assumptions.

The Group's disclosures relating to goodwill, brand names with indefinite useful lives and investment in subsidiaries are included in Notes 15 and 13 to the financial statements respectively.

INDEPENDENT AUDITOR'S REPORT

To the members of Healthway Medical Corporation Limited

Other information

Management is responsible for other information. The other information comprises the information included in 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), 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

Auditor's responsibilities for the audit of the financial statements (Continued)

- 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.

Other matters

The financial statements of Healthway Medical Corporation Limited for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2020.

INDEPENDENT AUDITOR'S REPORT

To the members of Healthway Medical Corporation Limited

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 Philip Ng Weng Kwai.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore
5 April 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Revenue	4	97,433	114,247
Other income	5	4,669	1,601
Other losses – net		*	(1)
Expenses by nature			
– Medical supplies, consumables and laboratory expenses		(19,035)	(22,206)
– Staff costs	6	(59,877)	(74,716)
– Depreciation of property, plant and equipment	14	(10,757)	(10,891)
– Amortisation of intangible assets	15(b)	(26)	*
– Rental expenses		(237)	(326)
– Impairment loss on trade and other receivables	11	(973)	(1,044)
– Finance expenses	7	(965)	(1,032)
– Other expenses		(7,473)	(8,473)
Total expenses		(99,343)	(118,688)
Share of loss of associate	13(b)	(239)	(139)
Profit/(loss) before income tax		2,520	(2,980)
Income tax credit	8(a)	714	41
Total profit/(loss) for the year		3,234	(2,939)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
– Currency translation gains arising from consolidation – net		2	49
Other comprehensive income for the year, net of tax		2	49
Total comprehensive income/(loss) for the year		3,236	(2,890)
Total profit/(loss) for the year attributable to:			
Equity holders of the Company		3,234	(2,939)
Total comprehensive income/(loss) for the year attributable to:		3,236	(2,890)
Equity holders of the Company		3,236	(2,890)
Profit/(loss) per share attributable to owners of the Company			
(cents per share)			
Basic and diluted profit/(loss) per share	9	0.07	(0.06)

* less than \$1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS – GROUP AND COMPANY

As at 31 December 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS					
Current assets					
Cash and bank balances	10	27,411	24,510	22,691	22,502
Trade and other receivables	11	15,571	16,650	642	330
Inventories	12	3,322	3,237	–	–
		46,304	44,397	23,333	22,832
Non-current assets					
Trade and other receivables	11	1,500	2,617	545	143
Investments in subsidiaries	13(a)	–	–	212,154	213,287
Investment in an associate	13(b)	1,730	1,969	1,730	1,969
Property, plant and equipment	14	22,635	27,069	1,663	729
Intangible assets	15	146,587	144,885	604	468
Deferred income tax assets	20	714	–	–	–
		173,166	176,540	216,696	216,596
Total assets		219,470	220,937	240,029	239,428
LIABILITIES					
Current liabilities					
Trade and other payables	16	17,777	19,858	1,610	3,013
Current income tax liabilities	8(b)	29	37	–	–
Borrowings	17	872	973	–	–
Lease liabilities	18	7,624	7,838	730	424
		26,302	28,706	2,340	3,437
Non-current liabilities					
Borrowings	17	1,507	2,403	–	–
Deferred income tax liabilities	20	1,178	1,178	–	–
Provisions	19	1,707	1,319	105	58
Lease liabilities	18	7,803	10,118	1,160	–
Trade and other payables	16	431	140	–	–
		12,626	15,158	1,265	58
Total liabilities		38,928	43,864	3,605	3,495
NET ASSETS		180,542	177,073	236,424	235,933
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	277,433	277,433	277,433	277,433
Treasury shares	21	(236)	(438)	(236)	(438)
Other reserves	21	1,065	1,032	266	235
Accumulated losses		(97,720)	(100,954)	(41,039)	(41,297)
Total equity		180,542	177,073	236,424	235,933

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Share capital (Note 21) \$'000	Treasury shares (Note 21) \$'000	Share-based compensation reserve (Note 21) \$'000	Currency translation reserve (Note 21) \$'000	Capital reserve (Note 21) \$'000	Accumulated losses \$'000	Total equity \$'000
2020							
Balance at 1 January 2020	277,433	(438)	235	797	-	(100,954)	177,073
Profit for the year	-	-	-	-	-	3,234	3,234
Other comprehensive income							
Foreign currency translation differences	-	-	-	2	-	-	2
Total comprehensive income for the year	-	-	-	2	-	3,234	3,236
Contributions by and distributions to owners							
Treasury shares reissued pursuant to share-based compensation plans	-	202	(235)	-	33	-	-
Value of employee services	-	-	235	-	-	-	235
Share reissuance expenses	-	-	-	-	(2)	-	(2)
Total contributions by and distributions to owners	-	202	-	-	31	-	233
Balance at 31 December 2020	277,433	(236)	235	799	31	(97,720)	180,542
2019							
Balance at 1 January 2019	277,433	-	-	748	-	(97,622)	180,559
Adoption of SFRS(I) 16	-	-	-	-	-	(393)	(393)
Adjusted balance at 1 January 2019	277,433	-	-	748	-	(98,015)	180,166
Loss for the year	-	-	-	-	-	(2,939)	(2,939)
Other comprehensive income/(loss)							
Foreign currency translation differences	-	-	-	49	-	-	49
Total comprehensive income/(loss) for the year	-	-	-	49	-	(2,939)	(2,890)
Contributions by and distributions to owners							
Purchase of treasury shares	-	(438)	-	-	-	-	(438)
Value of employee services	-	-	235	-	-	-	235
Total contributions by and distributions to owners	-	(438)	235	-	-	-	(203)
Balance at 31 December 2019	277,433	(438)	235	797	-	(100,954)	177,073

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Profit/(loss) before income tax		2,520	(2,980)
Adjustments for:			
– Depreciation of property, plant and equipment	14	10,757	10,891
– Amortisation of intangible assets	15(b)	26	*
– Loss on disposal of property, plant and equipment		228	11
– Property, plant and equipment written off		32	262
– Impairment loss on trade and other receivables	11	973	1,044
– Write back of provision for impairment of right-of-use assets		(20)	(109)
– Finance expenses	7	965	1,032
– Interest income	5	(140)	(311)
– Share-based compensation expense		235	235
– Share of loss of associate		239	139
– Unrealised currency translation loss – net		2	1
Operating cash inflows before changes in working capital		15,817	10,215
Changes in working capital:			
– Inventories		(85)	(311)
– Trade and other receivables		1,222	(2,199)
– Trade and other payables		(2,080)	(1,132)
– Provisions		(134)	(170)
Cash flows generated from operations		14,740	6,403
Income tax paid		(8)	(6)
Net cash flows generated from operating activities		14,732	6,397
Cash flows from investing activities			
Purchase of property, plant and equipment		(347)	(5,028)
Purchase of intangible assets		(162)	(258)
Acquisition of clinics		(1,080)	(1,800)
Proceeds on disposal of property, plant and equipment		–	55
Investment in an associate		–	(2,108)
Interest received		140	311
Net cash flows used in investing activities		(1,449)	(8,828)
Cash flows from financing activities			
Purchase of treasury shares		–	(438)
Bank deposits pledged		(17)	(50)
Repayment of borrowings		–	(86)
Proceeds from other secured borrowings		–	3,796
Repayment of other secured borrowings		(997)	(799)
Principal payment of lease liabilities		(8,422)	(7,887)
Interest paid		(965)	(1,024)
Net cash flows used in financing activities		(10,401)	(6,488)
Net increase/(decrease) in cash and cash equivalents		2,882	(8,919)
Cash and cash equivalents at the beginning of financial year		23,852	32,773
Effects of currency translation on cash and cash equivalents		2	(2)
Cash and cash equivalents at the end of financial year	10	26,736	23,852

* Less than \$1,000

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

Reconciliation of liabilities arising from financing activities

	1 January 2020 \$'000	Principal and interest payments \$'000	Non-cash changes			31 December 2020 \$'000
			Addition \$'000	Interest expenses \$'000	Disposal \$'000	
Other secured borrowings	3,376	(1,134)	–	137	–	2,379
Lease liabilities	17,956	(9,246)	6,281	824	(388)	15,427

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

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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 and associate are set out in Note 13.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated 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.

2.2 New accounting standards effective on 1 January 2020

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to: SFRS(I) 16 <i>Leases: Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to SFRS(I) 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue

(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 27. Revenue from the provision of these medical services is recognised over time in the accounting period in which the services are rendered. Deferred income 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.

2.5 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

Subsidiaries are all 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. Consistent accounting policies are applied to like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 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. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

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.

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 Notes 2.7(a) for the 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 Note 2.9 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 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (Continued)

(b) 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. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Please refer to the Note 2.9 for the accounting policy on the investment in associate in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (Continued)

(b) 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.

2.6 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 2.8 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:

	<u>Useful lives</u>
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 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (Continued)

(b) Depreciation (Continued)

Assets in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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.

(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.

2.7 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (Continued)

(c) *Computer software, including licences*

Computer software, including 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, including 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 to five years and assessed for impairment whenever there is an indication that it may be impaired.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision in the expected useful life or the expected pattern of consumption of future economic benefits are recognised in profit or loss when the changes arise.

(d) *Computer software in progress*

Costs that are directly associated with identifiable and unique software products are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use, its intention to complete and its ability to use the asset, how the asset will generate future economic benefits beyond one year, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Software developments-in-progress is recognised at cost. Amortisation of the intangible asset begins when development is complete and the asset is available for use.

2.8 Borrowing costs

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

2.9 Investments in subsidiaries and an 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial asset

(a) *Goodwill and acquired brand names*

Goodwill and acquired 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 acquired brand names may be impaired.

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

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill and acquired 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 – Computer software, including licences*
Property, plant and equipment
Investments in subsidiaries and an associate
Rights-of-use assets

Intangible assets (Computer software, including licences), 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets (Continued)

- (b) *Intangible assets – Computer software, including licences*
Property, plant and equipment
Investments in subsidiaries and an associate
Rights-of-use assets (Continued)

An impairment loss for an asset other than goodwill 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 is recognised in profit or loss.

2.11 Financial instruments

- (a) *Financial assets*

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, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments (Continued)

(a) Financial assets (Continued)

At subsequent measurement

Debt instruments

Debt instruments mainly comprise 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.

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.

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. On derecognition of the financial assets in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments (Continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.12 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) the amount initially recognised, less where appropriate, the cumulative amount of income recognised over the period of the guarantee; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 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.

2.14 Leases

(a) *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.

(i) *Right-of-use assets*

The Group recognised a right-of-use asset and lease liability at the commencement date of the lease (i.e. 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".

(ii) *Lease liabilities*

The lease term used in the initial measurement of a 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 at the commencement date of the lease 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 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (Continued)

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

(ii) *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 it 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.

(iii) *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. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (Continued)

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

(iv) *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.

(b) *When the Group is the 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 recognises 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.

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 Taxes

(a) *Current income tax*

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Taxes (Continued)

(b) *Deferred income tax*

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 for deductible temporary differences and unused tax losses. 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 2020

2. SUMMARY OF 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 or 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 2020

2. SUMMARY OF 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 2020

2. SUMMARY OF 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 and readily convertible into a known amount of cash. 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 2020

2. SUMMARY OF 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 are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Other than Job Support Scheme ("JSS") grants, government grants relating to income are shown separately as other income. JSS grants are deducted against staff costs.

2.25 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosure, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) *Use of indefinite useful lives assumption on acquired 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 15).

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

3.2 Key sources of estimation uncertainty (Continued)

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

The recoverable amounts of each cash generating unit (“CGU”) to which goodwill and acquired 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 15.

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 compound annual revenue growth rate as follows:

Discount rate (pre-tax)	9.0%-9.2%
Terminal growth rate	2.0%
Compound annual revenue growth rate	2.0%-7.8%

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.

The carrying amount of goodwill and brand names with indefinite useful lives as at 31 December 2020 is \$145,969,000 (2019: \$144,403,000).

(b) Impairment assessment of the Company’s investment in subsidiaries

The Company assesses at the end of each reporting period whether there are indicators that its investment in subsidiaries is impaired. The recoverable amount is determined by an estimation of the value in use of the subsidiaries. The Company evaluates the value in use which is supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

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 compound annual revenue growth rate as disclosed in Note 3.2(a) above.

The carrying amount of the Company’s investment in subsidiaries as at 31 December 2020 is \$212,154,000 (2019: \$213,287,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

4. REVENUE

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

	Group	
	2020	2019
	\$'000	\$'000
Medical services	97,433	114,247

Contract balances

	Group	
	2020	2019
	\$'000	\$'000
Trade receivables (Note 11)	12,659	15,143
Deferred income (Note 16)	485	460

Deferred income relate to the Group's obligation to provide fixed-price medical services to customers for which the Group has received advances from customers. Deferred income is recognised in the accounting period in which the services are rendered.

Revenue recognised in relation to deferred income:

	Group	
	2020	2019
	\$'000	\$'000
Revenue recognised in current period that was included in deferred income at the beginning of the period		
– Medical services	349	334

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

5. OTHER INCOME

	Group	
	2020	2019
	\$'000	\$'000
Interest income		
– Bank deposits	120	301
– Trade receivables	–	10
	120	311
Government grant income	2,986	406
Finance income on net investment in the sublease (Note 11)	20	18
Rental income	251	345
Others	1,292	521
	4,669	1,601

6. STAFF COSTS

	Group	
	2020	2019
	\$'000	\$'000
Wages and salaries	56,047	70,281
Employer's contribution to defined contribution plans including Central Provident Fund	3,595	4,200
Share-based compensation expenses	235	235
	59,877	74,716

Share-based compensation

On 27 March 2020, the Company had granted and vested share awards to the eligible participants under the Performance Share Plan which was approved by the shareholders of the Company on 26 April 2019. A total of 24,344,800 ordinary shares were granted at \$0.029 per share, which approximated the fair value of the shares on the date of grant. The share awards will vest in three equal tranches on the date of grant, first anniversary and second anniversary from the date of grant when the Performance Targets are achieved, subjected to approval by the Remuneration Committee. There is no vesting period beyond the performance periods. There has been no cancellation or modification to the Performance Share Plan during the year.

The expense recognised in profit or loss for the Performance Share Plan during the year is \$235,000 (2019: \$235,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

7. FINANCE EXPENSES

	Group	
	2020 \$'000	2019 \$'000
Interest expenses:		
– Bank borrowings	–	2
– Other secured borrowings	137	115
– Lease liabilities	824	901
– Discounting of non-current deposits	–	8
Others	4	6
	965	1,032

8. INCOME TAXES

(a) Income tax credit

	Group	
	2020 \$'000	2019 \$'000
Current income tax		
Over provision in prior financial years:	–	(41)
Deferred income tax		
Origination of temporary differences (Note 20)	(714)	–
	(714)	(41)

(b) Relationship between tax credit and accounting profit/(loss)

A reconciliation of the tax credit and the product of accounting profit/(loss) multiplied by the applicable tax rate is as follows:

	Group	
	2020 \$'000	2019 \$'000
Profit/(loss) before income tax	2,520	(2,980)
Tax calculated at tax rate of 17% (2019: 17%)	428	(507)
Effects of:		
– over provision in prior years	–	(41)
– expenses not deductible for tax purposes	63	241
– income not subject to tax	(1,271)	(210)
– tax losses not recognised	511	413
– utilisation of previously unrecognised tax losses	(149)	(1)
– deferred tax assets recognised	(714)	–
– temporary differences not recognised	418	–
– others	–	64
Tax credit	(714)	(41)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

8. INCOME TAXES (CONTINUED)

(c) Movement in current income tax liabilities

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Beginning of financial year	37	84	-	-
Income tax paid	(8)	(6)	-	-
Over provision in prior financial years	-	(41)	-	-
End of financial year	29	37	-	-

9. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share is calculated by dividing the net profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2020	2019
Net profit/(loss) attributable to equity holders of the Company (\$'000)	3,234	(2,939)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	4,517,434	4,523,770
Basic profit/(loss) per share (cents per share)	0.07	(0.06)

Diluted profit/(loss) per share for the financial years ended 31 December 2020 and 31 December 2019 are computed on the same basis as basic profit/(loss) per share as there were no dilutive potential ordinary shares outstanding at the balance sheet date.

10. CASH AND BANK BALANCES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash at bank and on hand	9,633	9,437	5,537	8,049
Short-term bank deposits	17,778	15,073	17,154	14,453
	27,411	24,510	22,691	22,502

The bank deposits of the Group include \$675,000 pledged as security for a certain banker's guarantee (2019: \$658,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10. CASH AND BANK BALANCES (CONTINUED)

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

	Group	
	2020 \$'000	2019 \$'000
Cash and bank balances (as above)	27,411	24,510
Less: Bank deposits pledged as security	(675)	(658)
Cash and cash equivalents per consolidated statement of cash flows	26,736	23,852

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current				
Trade receivables	17,141	22,368	-	-
Less: Allowance for impairment loss	(4,482)	(7,225)	-	-
Net trade receivables	12,659	15,143	-	-
Other receivables				
– related parties	148	54	28	44
– non-related parties	4,919	5,089	4,767	4,548
	5,067	5,143	4,795	4,592
Less: Allowance for impairment loss	(4,527)	(4,878)	(4,527)	(4,527)
	540	265	268	65
Finance lease receivables	289	202	243	141
Deposits	1,632	524	72	72
Prepayments	451	516	59	52
	15,571	16,650	642	330
Non-current				
Finance lease receivables	400	75	386	-
Deposits	1,100	2,542	159	143
	1,500	2,617	545	143

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Beginning of financial year	12,103	48,847	4,527	4,527
Provision for impairment loss	973	1,044	-	-
Utilised	(4,067)	(37,788)	-	-
End of financial year	9,009	12,103	4,527	4,527

(a) Finance lease receivables

Finance lease receivables relate to subleases which were classified as finance lease, as disclosed in Note 14(a). Finance income on the net investment in sublease during the financial year is \$20,000 (2019: \$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% (2019: 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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Less than one year	314	209	267	143
Between one to two years	281	63	267	-
Between two to three years	133	14	133	-
	728	286	667	143
Less: Unearned finance income	(39)	(9)	(38)	(2)
Net investment in finance leases	689	277	629	141
Current	289	202	243	141
Non-current	400	75	386	-
	689	277	629	141

12. INVENTORIES

	Group	
	2020 \$'000	2019 \$'000
At cost		
Pharmacy, medical and surgical supplies	3,322	3,237

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

(a) Investment in subsidiaries

	Company	
	2020 \$'000	2019 \$'000
Equity investments at cost	37,343	37,343
Amounts due from subsidiaries (non-trade)	222,702	223,835
Less: Allowance for impairment loss	(47,891)	(47,891)
	212,154	213,287

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable at the discretion of the subsidiaries, only when the cash flows of the subsidiaries permit. 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.

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

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding	
			2020 %	2019 %
Held by the Company				
Healthway Medical Group Pte Ltd ⁽¹⁾	Practice of general medical practitioners	Singapore	100	100
Unimedic Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
China Healthway Pte. Ltd. ⁽³⁾	Investment holding	Singapore	100	100
Vista Medicare Pte. Ltd. ⁽⁴⁾	Provision of managed healthcare	Singapore	100	100
Held by China Healthway Pte. Ltd.				
Crane Medical Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
China Unimedic Pte. Ltd. ⁽³⁾	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE (CONTINUED)

(a) Investment in subsidiaries (Continued)

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding	
			2020 %	2019 %
Held by Unimedic Pte. Ltd.				
Island Orthopaedic Consultants Pte Ltd ⁽¹⁾	Provision of orthopaedic services and operation of medical clinics	Singapore	100	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
Healthway Dental Pte. Ltd. ⁽⁴⁾	Practice of dental surgery and operation of dental clinics	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 Crane Medical Pte. Ltd.				
Kang Wei Investment Consultancy (Shanghai) Co., Ltd. ⁽²⁾	Provision of medical services and consultancy	China	100	100

(1) Audited by Ernst & Young LLP, Singapore

(2) Audited by EunaCon Perfect Alliance CPA Partnership

(3) Audited by Gleneagle Trust

(4) Audited by Ardent Associates LLP

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE (CONTINUED)

(b) Investment in an associate

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Equity investments at cost</i>				
Beginning of financial year	1,969	–	1,969	–
Addition	–	2,108	–	2,108
Share of loss of associate	(239)	(139)	(239)	(139)
End of financial year	1,730	1,969	1,730	1,969

The associate of the Group as at 31 December is as follows:

Name of company	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2020 %	2019 %
Held by the Company				
Fully Holdings Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	15.68	16.67

(1) Audited by Ardent Associates LLP

In prior year, 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 three wholly-owned subsidiaries. The principal activities of the subsidiaries are 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.

During the financial year, Fully Holdings Pte. Ltd. entered into a share subscription agreement with an investor and the existing shareholders of Fully Holding Pte. Ltd. (including the Company). Due to the issuance of new ordinary shares to the investor, the Company's shareholding percentage in Fully Holdings decreased from 16.67% to 15.68% as at 31 December 2020.

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 2020

13. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE (CONTINUED)

(b) Investment in an associate (Continued)

The summarised financial information of the associated company and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	2020 (Unaudited) \$'000	2019 (Unaudited) \$'000
Current assets	826	1,317
Current liabilities	(319)	(291)
Non-current assets	35	10
Non-current liabilities	-	-

Summarised statement of comprehensive income

Revenue	813	872
Loss for the year	(1,435)	(934)
Total comprehensive loss for the year	(1,435)	(934)

Reconciliation of summarised financial information

	2020 (Unaudited) \$'000	2019 (Unaudited) \$'000
Net assets	542	1,036
Group's equity interest	15.68%	16.67%
Group's share of net asset	85	173
Goodwill	1,645	1,796
Carrying value	1,730	1,969

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Medical equipment	Computers	Furniture, fittings and equipment	Signboards	Assets in progress	Right-of-use assets (Note (a))	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Group</i>								
2020								
<i>Cost</i>								
Beginning of financial year	9,604	4,845	1,384	1,114	206	71	35,750	52,974
Additions	609	129	80	22	29	–	6,281	7,150
Disposals	(412)	(463)	(1)	(8)	(1)	–	(2,349)	(3,234)
Reclassification	52	–	–	–	–	(52)	–	–
End of financial year	9,853	4,511	1,463	1,128	234	19	39,682	56,890
<i>Accumulated depreciation and impairment losses</i>								
Beginning of financial year	3,423	2,042	1,033	338	22	–	19,047	25,905
Depreciation charge	1,262	527	212	113	26	–	8,617	10,757
Disposals	(133)	(235)	(1)	(8)	–	–	(2,030)	(2,407)
End of financial year	4,552	2,334	1,244	443	48	–	25,634	34,255
Net carrying amount								
End of financial year	5,301	2,177	219	685	186	19	14,048	22,635
2019								
<i>Cost</i>								
Beginning of financial year	6,507	4,012	1,269	977	93	228	–	13,086
Adoption of SFRS(I) 16	–	–	–	–	–	–	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
<i>Accumulated depreciation and impairment losses</i>								
Beginning of financial year	2,609	1,814	1,010	321	12	–	–	5,766
Adoption of SFRS(I) 16	–	–	–	–	–	–	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 carrying amount								
End of financial year	6,181	2,803	351	776	184	71	16,703	27,069

At balance sheet date, borrowings are secured on property, plant and equipment of the Group with carrying amounts of \$2,550,000 (2019: \$2,865,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14. 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
<i>Company</i>						
2020						
<i>Cost</i>						
Beginning of financial year	785	51	17	–	1,380	2,233
Additions	47	1	–	–	1,458	1,506
End of financial year	832	52	17	–	2,838	3,739
<i>Accumulated depreciation and impairment losses</i>						
Beginning of financial year	317	14	4	–	1,169	1,504
Depreciation charge	142	17	1	–	412	572
End of financial year	459	31	5	–	1,581	2,076
Net carrying amount						
End of financial year	373	21	12	–	1,257	1,663
2019						
<i>Cost</i>						
Beginning of financial year	785	25	17	16	–	843
Adoption of SFRS(I) 16	–	–	–	–	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
<i>Accumulated depreciation and impairment losses</i>						
Beginning of financial year	186	1	2	–	–	189
Adoption of SFRS(I) 16	–	–	–	–	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
<i>Net carrying amount</i>						
End of financial year	468	37	13	–	211	729

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Right-of-use (“ROU”) 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 2020 was \$251,000 (2019: \$345,000) (Note 5).

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

	Group	
	2020	2019
	\$'000	\$'000
Less than one year	130	224
One to two years	43	75
Two to three years	13	1
	186	300

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 11(a)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. INTANGIBLE ASSETS

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Goodwill arising on consolidation (Note (a))	113,575	112,009	-	-
Brand names (Note (a))	32,394	32,394	-	-
Computer software, including licences (Note (b))	373	14	359	-
Computer software in progress (Note (c))	245	468	245	468
	146,587	144,885	604	468

(a) Goodwill arising from consolidation and brand names

	Goodwill \$'000	Brand names \$'000	Total \$'000
Group			
2020			
<i>Cost</i>			
Beginning of financial year	201,465	32,394	233,859
Addition (Note 24)	1,566	-	1,566
	203,031	32,394	235,425
<i>Accumulated impairment losses</i>			
Beginning and end of financial year	89,456	-	89,456
Net carrying amount			
End of financial year	113,575	32,394	145,969
2019			
<i>Cost</i>			
Beginning of financial year	199,379	32,394	231,773
Addition	2,086	-	2,086
	201,465	32,394	233,859
<i>Accumulated impairment losses</i>			
Beginning and end of financial year	89,456	-	89,456
<i>Net carrying amount</i>			
End of financial year	112,009	32,394	144,403

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. INTANGIBLE ASSETS (CONTINUED)

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

Impairment test for goodwill and brand names with indefinite useful lives

For the purpose of impairment testing, goodwill and brand names with indefinite useful lives are allocated to the respective Singapore service groups (“cash generating units” or “CGUs”).

The aggregate carrying amount and impairment loss of goodwill and brand names with indefinite useful lives are allocated to each CGU identified according to service groups as follows:

	Goodwill			Net carrying amount
	Cost	Accumulated impairment losses	Brand names	
	\$'000	\$'000	\$'000	\$'000
2020				
<u>Service groups</u>				
Family medicine	70,590	(4,500)	8,000	74,090
Dentistry	7,191	(7,191)	–	–
Paediatrics	60,761	(46,911)	9,656	23,506
Orthopaedics	35,196	(18,293)	9,657	26,560
Wellness and aesthetic	4,657	(4,657)	–	–
Obstetrics & gynaecology	3,792	(1,904)	–	1,888
Nobel specialist	20,844	(6,000)	5,081	19,925
	203,031	(89,456)	32,394	145,969
2019				
<u>Service groups</u>				
Family medicine	69,024	(4,500)	8,000	72,524
Dentistry	7,191	(7,191)	–	–
Paediatrics	60,761	(46,911)	9,656	23,506
Orthopaedics	35,196	(18,293)	9,657	26,560
Wellness and aesthetic	4,657	(4,657)	–	–
Obstetrics & gynaecology	3,792	(1,904)	–	1,888
Nobel specialist	20,844	(6,000)	5,081	19,925
	201,465	(89,456)	32,394	144,403

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. INTANGIBLE ASSETS (CONTINUED)

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

Impairment test for goodwill and brand names with indefinite useful lives (Continued)

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 compound annual revenue growth rate for each CGU included in the cash flow projections ranged between 2.0% to 7.8% (2019: 2.0% to 5.8%) per annum for years 2021 to 2025.
- The pre-tax discount rate for each CGU included in the cash flow projections was approximately 9.0% to 9.2% (2019: 8.8% to 9.2%).
- The anticipated terminal growth rate for each CGU was approximately 2.0% (2019: 2.0%).

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

Based on management's assessment, no impairment loss was recorded on the goodwill and brand names with indefinite useful life for the financial year ended 31 December 2020 (2019: \$Nil).

Sensitivity analysis

An unfavourable change by 10% (2019: 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, including licences

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Cost</i>				
Beginning of financial year	1,670	1,670	1,448	1,448
Reclassification	385	–	385	–
End of financial year	2,055	1,670	1,833	1,448
<i>Accumulated amortisation</i>				
Beginning of financial year	1,656	1,656	1,448	1,448
Amortisation for the year	26	*	26	–
End of financial year	1,682	1,656	1,474	1,448
Net carrying amount				
End of financial year	373	14	359	–

* Less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15. INTANGIBLE ASSETS (CONTINUED)

(c) Computer software in progress

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Cost</i>				
Beginning of financial year	468	221	468	221
Addition	162	247	162	247
Reclassification	(385)	–	(385)	–
End of financial year	245	468	245	468
<i>Accumulated amortisation</i>				
Beginning and end of financial year	–	–	–	–
Net carrying amount				
End of financial year	245	468	245	468

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current				
Trade payables to:				
– non-related parties	6,667	7,000	–	–
Other payables to:				
– non-related parties	2,387	2,179	285	494
– related parties	19	18	14	2
– subsidiaries	–	–	544	1,462
	9,073	9,197	843	1,958
Deferred income	485	460	–	–
Accrued expenses	8,219	10,201	767	1,055
	17,777	19,858	1,610	3,013
Non-current				
Other payables to non-related parties	431	140	–	–

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

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

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

For the financial year ended 31 December 2020

17. BORROWINGS

	Effective interest rate	Maturity	Group	
			2020 \$'000	2019 \$'000
Current				
Other secured borrowings	4.73%–4.75%	2021	872	973
Non-current				
Other secured borrowings	4.73%–4.75%	2022 to 2024	1,507	2,403
Total borrowings			2,379	3,376

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

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

	Group	
	2020 \$'000	2019 \$'000
Minimum lease payments due		
– Not later than one year (undiscounted)	964	1,112
– Between one and five years (undiscounted)	1,569	2,560
	2,533	3,672
Less: Future finance charges	(154)	(296)
Present value of other secured borrowings	2,379	3,376

The present values of other secured borrowings are analysed as follows:

	Group	
	2020 \$'000	2019 \$'000
Not later than one year	872	973
Between one and five years	1,507	2,403
Total	2,379	3,376

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18. LEASE LIABILITIES

Lease liabilities arise from the Group's leasing activities as a lessee of office and commercial premises, as disclosed in Note 14. The interest expense on lease liabilities is disclosed in Note 7.

The undiscounted minimum lease payments in relation to lease liabilities of the Group and of the Company at the balance sheet dates are as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Minimum lease payments due				
– Not later than one year (undiscounted)	8,078	8,416	801	430
– Between one and five years (undiscounted)	8,076	10,540	1,201	–
– More than five years (undiscounted)	296	366	–	–
	16,450	19,322	2,002	430
Less: Future finance charges	(1,023)	(1,366)	(112)	(6)
Present value of finance lease liabilities	15,427	17,956	1,890	424

The present values of lease liabilities are analysed as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not later than one year	7,624	7,838	730	424
Between one and five years	7,518	9,768	1,160	–
More than five years	285	350	–	–
Total	15,427	17,956	1,890	424

Lease expense not capitalised in lease liabilities

	Group	
	2020 \$'000	2019 \$'000
Lease expenses – short term leases	180	267
Lease expenses – low-value leases	57	59
	237	326

Total cash outflow for all the leases in 2020 was approximately \$9,483,000 (2019: \$9,114,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

19. PROVISIONS

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Provision for restoration costs	1,707	1,319	105	58

Movement in provision for restoration costs is as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Beginning of financial year	1,319	968	58	58
Additions	522	533	47	-
Provision utilised	(134)	(53)	-	-
Provision reversed	-	(129)	-	-
End of financial year	1,707	1,319	105	58

20. 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.

Movements in deferred income tax assets and deferred income tax liabilities are as follows:

	Group	
	2020 \$'000	2019 \$'000
<i>Deferred tax assets</i>		
Beginning of financial year	-	-
Recognition of tax losses	714	-
End of financial year	714	-
<i>Deferred income tax liabilities</i>		
Beginning and end of financial year	(1,178)	(1,178)
Net deferred tax liability at end of financial year	(464)	(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 \$67,123,000 (2019: \$8,901,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. DEFERRED INCOME TAXES (CONTINUED)

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
2020			
Beginning and end of financial year	(361)	(901)	(1,262)
2019			
Beginning and end of financial year	(361)	(901)	(1,262)

Deferred income tax assets

	Employee benefits \$'000	Unutilised tax losses \$'000	Total \$'000
2020			
Beginning of financial year	84	–	84
Recognition of tax losses	–	714	714
End of financial year	84	714	798
2019			
Beginning and end of financial year	84	–	84

Company

Deferred income tax liabilities

	Accelerated tax depreciation \$'000
2020	
Beginning and end of financial year	(13)
2019	
Beginning and end of financial year	(13)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20. DEFERRED INCOME TAXES (CONTINUED)

Company (Continued)

Deferred income tax assets

	Employee benefits \$'000
2020	
Beginning and end of financial year	13
2019	
Beginning and end of financial year	13

21. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES

	Group and Company			
	No. of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital \$'000	Treasury shares \$'000
2020				
Beginning of financial year	4,528,792	(17,566)	277,433	(438)
Treasury shares reissued pursuant to share-based compensation plans	–	8,115	–	202
End of financial year	4,528,792	(9,451)	277,433	(236)
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)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company 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

In the financial year ended 31 December 2019, the Company acquired 17,565,800 shares in the Company in the open market. The total amount paid to acquire the shares was \$438,000 and this was presented as a component within shareholders' equity. There was no treasury share acquired during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

Other reserves

Composition:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Share-based compensation reserve	235	235	235	235
Currency translation reserve	799	797	-	-
Capital reserve	31	-	31	-
	1,065	1,032	266	235

Movement:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Share-based compensation reserve:				
Beginning of financial year	235	-	235	-
- Treasury shares reissued pursuant to share-based compensation plans	(235)	-	(235)	-
- Value of employee services	235	235	235	235
End of financial year	235	235	235	235

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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Currency translation reserve:				
Beginning of financial year	797	748	-	-
- Net currency translation differences of financial statements of foreign operations	2	49	-	-
End of financial year	799	797	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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

Other reserves (Continued)

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

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Capital reserve:				
Beginning of financial year	-	-	-	-
- Treasury shares reissued pursuant to share-based compensation plans	33	-	33	-
- Share reissuance expenses	(2)	-	(2)	-
End of financial year	31	-	31	-

Capital reserve represents the realised gain or loss on sale or reissue of treasury shares, net of any directly attributable incremental transaction costs and related income tax.

22. MOVEMENTS IN COMPANY'S ACCUMULATED LOSSES

	Company	
	2020 \$'000	2019 \$'000
Beginning of financial year	(41,297)	(41,112)
Adoption of SFRS(I) 16	-	(101)
Profit/(loss) for the year	258	(84)
End of financial year	(41,039)	(41,297)

23. COMMITMENTS AND CONTINGENCIES

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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Corporate guarantees provided:</i>				
- on subsidiaries' other secured borrowings	-	-	2,379	3,376
- performance guarantee	382	343	14	49
	382	343	2,393	3,425

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24. BUSINESS COMBINATIONS

Acquisition of businesses

On 1 January 2020, 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 \$1,566,000 comprising a cash consideration of \$940,000 and a contingent consideration of approximately \$626,000.

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

	2020	2019
	\$'000	\$'000
(i) Purchase consideration		
Cash paid and consideration transferred for the business	940	1,800
Contingent consideration (Note (v) below)	626	280
	1,566	2,080
(ii) Effect on cash flows of the Group		
Cash paid (as above)	940	1,800
Less: cash and cash equivalents acquired	-	-
Cash outflow on acquisition	940	1,800

(iii) A goodwill amounting to \$1,566,000 is recognised on the acquisition date and is measured as the excess of the purchase consideration of \$1,566,000 over the net amounts of the identifiable assets acquired and liabilities assumed in these acquisitions.

(iv) Acquisition-related costs

Acquisition-related costs of \$9,000 were expensed and are included in other expenses.

(v) Contingent consideration

As part of the purchase agreement with the former owner of the clinic, a contingent consideration has been agreed. Additional cash payments shall be payable to the former owner of the clinic in 3 tranches on 31 December 2020, 31 December 2021 and 31 December 2022 (“**payment dates**”). The consideration will be adjusted based on the clinic’s gross profit recorded for the 12-month period immediately preceding the payment dates.

As at the acquisition date, management has estimated the fair value of the contingent consideration to be \$626,000, which was calculated by applying the income approach using the probability-weighted payout approach. This is a Level 3 fair value measurement.

As of 31 December 2020, no adjustment to the fair value of the contingent consideration was made.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of businesses (Continued)

(vi) Acquired receivables

There is no acquired receivables arising from the acquisition.

(vii) Goodwill

The goodwill of \$1,566,000 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.

(viii) Revenue contribution

The acquired business contributed revenue of \$1,073,000 to the Group during the financial year ended 31 December 2020.

During the year, the Group paid out \$140,000 relating to contingent consideration from acquisition of a GP clinic on 1 January 2019.

25. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital 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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(ii) Interest rate risks

Interest rate risk is the risk that the future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from cash and bank balances. 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.

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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Corporate guarantees provided:</i>				
– on subsidiaries' other secured borrowings (undiscounted)	–	–	2,533	3,672
	–	–	2,533	3,672

The trade and other receivables of the Group comprise a number of individual debtors, and the top 10 debtors of the Group represented approximately 35% (2019: 31%) of the trade and other receivables.

0.9% (2019: 0.3%) of the Group's trade and other receivables were due from related parties while 2.4% (2019: 9.3%) of the Company's receivables were balances with related parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(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.

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 2020 and 31 December 2019.

	Current to 365 days past due \$'000	More than 365 days past due \$'000	Total \$'000
Group			
As at 31 December 2020			
Sales of medical services			
Weighted-average expected loss rate	6.2%	100%	
Trade receivables	13,492	3,649	17,141
Loss allowance	(833)	(3,649)	(4,482)
As at 31 December 2019			
Sales of medical services			
Weighted-average expected loss rate	5.0%	100%	
Trade receivables	15,935	6,433	22,368
Loss allowance	(792)	(6,433)	(7,225)

Finance lease receivables are subject to immaterial credit loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(ii) 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.

(iii) Other receivables and deposits

The Company does not expect significant credit losses arising from these balances.

(iv) Cash and cash equivalents

The Group and the Company held cash and cash equivalents of \$27,411,000 and \$22,691,000 respectively (2019: \$24,510,000 and \$22,502,000) 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.

(c) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting financial obligations due to shortage of funds.

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
<u>Group</u>				
2020				
Non-derivative financial liabilities				
Other secured borrowings	2,533	964	1,569	-
Lease liabilities	16,450	8,078	8,076	296
Trade and other payables*	14,624	14,193	431	-
	33,607	23,235	10,076	296
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*	16,247	16,107	140	-
	39,241	25,635	13,240	366

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

	Contractual cash flows \$'000	Less than 1 year \$'000	Between 1 and 5 years \$'000	More than 5 years \$'000
<u>Company</u>				
2020				
Non-derivative financial liabilities				
Trade and other payables*	1,557	1,557	-	-
Lease liabilities	2,002	801	1,201	-
Financial guarantee contracts	2,533	2,533	-	-
	6,092	4,891	1,201	-
2019				
Non-derivative financial liabilities				
Trade and other payables*	2,831	2,831	-	-
Lease liabilities	430	430	-	-
Financial guarantee contracts	3,672	3,672	-	-
	6,933	6,933	-	-

* Excludes deferred income, provision for unutilised leave and goods and services tax payables, net

(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 2020. The Group and Company are in compliance with all externally imposed capital requirements for the financial year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

25. FINANCIAL RISK MANAGEMENT (CONTINUED)

- (e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and bank balances (Note 10), current trade and other receivables (Note 11), current trade and other payables (Note 16) and borrowings (Note 17)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

Trade and other receivables (non-current) (Note 11), trade and other payables (non-current) (Note 16)

The fair values are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the balance sheet date. As at 31 December 2020, the fair values correspond to the balance sheet carrying amounts, as the impact of discounting future cash flows is not material.

- (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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial assets, at amortised cost	44,031	43,261	23,819	22,923
Financial liabilities, at amortised cost	32,430	37,579	3,447	3,255

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

26. 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	
	2020 \$'000	2019 \$'000
Rental and other operating expenses	1,063	1,151
Rental deposits paid	16	9
Rental income	242	245
Staff costs	264	274

Balances with related parties at the balance sheet date are set out in Note 11 and Note 16.

Related parties comprise mainly companies which are controlled or significantly influenced by the deemed controlling shareholder of the Company and a close family member of a key management personnel 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	
	2020 \$'000	2019 \$'000
Wages and salaries	590	668
Directors' fees of the Company	176	185
Employer's contribution to defined contribution plans including Central Provident Fund	12	10
	778	863

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

27. 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, the results have been aggregated into the Primary Healthcare and Specialist Healthcare segments. Such aggregation is determined by the nature of risks associated with each business segment as they offer different products and services and require different marketing strategies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

27. SEGMENT INFORMATION (CONTINUED)

Major customer (Continued)

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

	← Singapore →		China	Total \$'000
	Primary Healthcare \$'000	Specialist Healthcare \$'000	Specialist Healthcare \$'000	
2020				
Sales				
Total segment sales and sales to external parties	50,497	46,936	–	97,433
Adjusted EBITDA	8,152	6,288	(73)	14,367
Depreciation of property, plant and equipment	6,982	3,773	2	10,757
Amortisation of intangible assets	26	–	–	26
Segment assets	113,836	85,377	35	199,248
Segment assets include:				
– Additions to property, plant and equipment	4,192	2,761	–	6,953
– Additions to intangible assets	1,703	–	–	1,703
Segment liabilities	22,741	12,231	370	35,342
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 of property, plant and equipment	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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

27. SEGMENT INFORMATION (CONTINUED)

Major customer (Continued)

(a) Reconciliations

(i) Segment profits

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

	Group	
	2020 \$'000	2019 \$'000
Adjusted EBITDA for reportable segments	14,367	8,771
Depreciation of property, plant and equipment	(10,757)	(10,891)
Amortisation of intangible assets	(26)	*
Interest income	140	311
Finance expenses	(965)	(1,032)
Share of loss of associate – net of tax	(239)	(139)
Profit/(loss) before tax	2,520	(2,980)

* 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	
	2020 \$'000	2019 \$'000
Segment assets for reportable segments	199,248	203,895
Unallocated:		
– Short-term bank deposits (Note 10)	17,778	15,073
– Investment in associate (Note 13)	1,730	1,969
– Deferred tax assets (Note 20)	714	–
Total assets	219,470	220,937

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

27. SEGMENT INFORMATION (CONTINUED)

Major customer (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	
	2020	2019
	\$'000	\$'000
Segment liabilities for reportable segments	35,342	39,273
Unallocated:		
Current income tax liabilities (Note 8(c))	29	37
Deferred income tax liabilities (Note 20)	1,178	1,178
Borrowings (Note 17)	2,379	3,376
Total liabilities	38,928	43,864

(b) Geographical information

	Sales for continuing operations	
	2020	2019
	\$'000	\$'000
Singapore	97,433	114,247

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

28. COMPARATIVE FIGURES

The financial statements for the financial year ended 31 December 2019 were audited by another firm of Chartered Public Accountants.

29. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 5 April 2021.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2021

Total number of issued shares excluding treasury shares and subsidiary	:	4,519,341,200
Total number of treasury shares held	:	9,450,900 (representing 0.21% of the total number of ordinary shares)
Total number of subsidiary holdings held	:	Nil
Class of shares	:	Ordinary
Voting rights	:	One vote per Ordinary Shares

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	244	4.52	8,489	0.00
100 – 1,000	344	6.38	202,498	0.00
1,001 – 10,000	1,024	18.98	5,760,105	0.13
10,001 – 1,000,000	3,664	67.91	445,831,957	9.87
1,000,001 AND ABOVE	119	2.21	4,067,538,151	90.00
TOTAL	5,395	100.00	4,519,341,200	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	GENTLE CARE PTE LTD	1,270,169,892	28.11
2	GW ACTIVE LIMITED	1,241,134,751	27.46
3	OCBC SECURITIES PRIVATE LIMITED	458,939,535	10.16
4	CITIBANK NOMINEES SINGAPORE PTE LTD	220,593,038	4.88
5	KGI SECURITIES (SINGAPORE) PTE. LTD	160,175,465	3.54
6	ONG CHIN HUI (WANG ZHENHUI) OR LIM BEE LING (LIN MEILING)	77,505,000	1.71
7	PHILLIP SECURITIES PTE LTD	51,308,477	1.14
8	DBS NOMINEES (PRIVATE) LIMITED	45,587,485	1.01
9	ABRAM MELKYZEDECK SUHARDIMAN	42,179,700	0.93
10	RAFFLES NOMINEES (PTE.) LIMITED	39,827,186	0.88
11	OAPT (FAN KOW HIN – 479/2017)	26,739,200	0.59
12	ONG ENG LOKE	24,324,100	0.54
13	UOB KAY HIAN PRIVATE LIMITED	21,192,736	0.47
14	TAN KOON	19,400,000	0.43
15	LIM WEE HAN	17,769,000	0.39
16	MAYBANK KIM ENG SECURITIES PTE. LTD	17,768,245	0.39
17	HANIF MOEZ NOMANBHOY	15,650,011	0.35
18	TEOH TEIK KEE	13,000,000	0.29
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	12,805,204	0.28
20	TAN KHEEN SENG @ JOHN	12,523,964	0.28
	TOTAL	3,788,592,989	83.83

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2021

SUBSTANTIAL SHAREHOLDERS (as recorded in the Company's Register of Substantial Shareholders as at 18 March 2021)

	Direct Interest		Deemed Interest	
	No. of Shares	% ¹	No. of Shares	% ¹
Gentle Care Pte. Ltd.	1,594,776,083	35.29	–	–
Valiant Leader Limited	–	–	1,594,776,083	35.29 ²
Tamsett Holdings Limited	–	–	1,594,776,083	35.29 ³
GW Active Limited	1,241,134,751	27.46	–	–
Gateway Fund I, L.P.	–	–	1,241,134,751	27.46 ⁴
Continental Equity Inc.	–	–	253,865,182	5.62 ⁵
Rickon Holdings Limited	–	–	1,848,641,265	40.91 ⁶
Lippo China Resources Limited	–	–	1,848,641,265	40.91 ⁷
Skyscraper Realty Limited	–	–	1,848,641,265	40.91 ⁸
First Tower Corporation	–	–	1,848,641,265	40.91 ⁹
Lippo Limited	–	–	1,848,641,265	40.91 ¹⁰
Lippo Capital Limited	–	–	1,848,641,265	40.91 ¹¹
Lippo Capital Holdings Company Limited	–	–	1,848,641,265	40.91 ¹²
Lippo Capital Group Limited	–	–	1,848,641,265	40.91 ¹³
PT Trijaya Utama Mandiri	–	–	1,848,641,265	40.91 ¹⁴
Dr. James Tjahaja Riady	–	–	1,848,641,265	40.91 ¹⁵
Dr. Stephen Riady	–	–	1,848,641,265	40.91 ¹⁶

Notes:

- 1 Computed based on 4,519,341,200 shares in the Company ("**Shares**"), being the total number of issued voting Shares as at 18 March 2021. The total voting Shares as at 18 March 2021 has excluded 9,450,900 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. (the "**Fund**") is deemed to be interested in the Shares held by GW Active Limited ("**GW**") by virtue of its 100% shareholding in GW. Gateway Partners Limited (the "**GP**") is the general partner of the Fund. The GP has full control over the business and affairs of the Fund, including making all investment and divestment decisions, and voting the securities and interests held by the Fund, via the investment committee of the Fund. The limited partners of the Fund do not have any control over the business and affairs of the Fund, including the making of investment and divestment decisions and voting the securities and interests held by the Fund. The shareholders (direct or indirect) of the GP do not have, in their individual capacity as shareholders (direct or indirect) of the GP, any control over the business and affairs of the Fund, including the making of investment and divestment decisions and voting the securities and interests held by the Fund, and do not have the beneficial ownership in the securities and interests held by the Fund.
- 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.

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2021

- 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.
- 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 2021, approximately 30.65% 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.

NOTICE OF ANNUAL GENERAL MEETING

HEALTHWAY MEDICAL CORPORATION LIMITED

(Company Registration Number 200708625C)

(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting (“**AGM**”) of Healthway Medical Corporation Limited (the “**Company**”) will be held by way of electronic means (via live webcast and audio only means) on Monday, 26 April 2021 at 2:00 p.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements for the financial year ended 31 December 2020 together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To re-elect Dr Stephen Riady, a Director retiring pursuant to Regulation 98 of the Company’s Constitution and Rule 720(4) of the Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), and being eligible, has offered himself for re-election.
(see explanatory note 1) **(Resolution 2)**
3. To re-elect Mr Anand Kumar, a Director retiring pursuant to Regulation 98 of the Company’s Constitution and Rule 720(4) of the Catalist Rules of the SGX-ST, and being eligible, has offered himself for re-election.
(see explanatory note 2) **(Resolution 3)**
4. To re-elect Ms Aliza Knox, a Director retiring pursuant to Regulation 102 of the Company’s Constitution and Rule 720(4) of the Catalist Rules of the SGX-ST, and being eligible, has offered herself for re-election.
(see explanatory note 3) **(Resolution 4)**
5. To approve the payment of Directors’ fees of S\$175,510 for the financial year ended 31 December 2020. (2019: *S\$166,278.60) **(Resolution 5)**

*(*The directors’ fees for the financial year ended 31 December 2019 have been revised downward voluntarily from S\$184,754 to S\$166,278.60 and approved by the shareholders of the Company in the adjourned AGM FY2020 held on 6 July 2020. For detailed information, please refer to the Company’s announcements released to SGX-ST via SGXNet on 12 May 2020 and 6 July 2020, respectively.)*
6. To re-appoint Messrs Ernst & Young LLP as the Independent Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if deemed fit, to pass, with or without modifications, the following Ordinary Resolutions:

7. The Proposed General Share Issue Mandate (the “**Share Issue Mandate**”)

(Resolution 7)

“That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), and Rule 806 of the Catalist Rules of the SGX-ST, authority be and is hereby given to the Directors of the Company (the “**Directors**”) to:

- (a) (i) allot and issue shares in the capital of the Company (the “**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided always that:

- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per cent (100%) of the total issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company (the “**Shareholders**”) (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of total issued Shares shall be based on total issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of passing this Resolution, after adjusting for:
 - (1) new Shares arising from the conversion or exercise of any convertible securities outstanding at the time this authority is given;

NOTICE OF ANNUAL GENERAL MEETING

- (2) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of passing this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules of the SGX-ST; and
- (3) any subsequent bonus issue, consolidation or subdivision of Shares;
- (c) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, and the Company's Constitution for the time being; and
- (d) (unless revoked or varied by the Company in a general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

(see explanatory note 4)

BY ORDER OF THE BOARD

Raymond Lam Kuo Wei
Leh Si Yuan
Joint Company Secretaries

8 April 2021
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Dr Stephen Riady will, upon re-election as Director of the Company, remain as a Non-Independent Non-Executive Director of the Company. The detailed information on Dr Stephen Riady as recommended under the 2018 Code of Corporate Governance and as required under Rule 720(5) of Catalist Rules of the SGX-ST can be found in the Annual Report 2020.
2. Mr Anand Kumar will, upon re-election as Director of the Company, remain as a Non-Independent Non-Executive Director of the Company. The detailed information on Mr Anand Kumar as recommended under the 2018 Code of Corporate Governance and as required under Rule 720(5) of Catalist Rules of the SGX-ST can be found in the Annual Report 2020.
3. Ms Aliza Knox will, upon re-election as Director of the Company, remain as the Independent Director, and the members of each of the Nominating Committee, the Remuneration Committee and the Audit and Risk Committee. She will be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. The detailed information on Ms Aliza Knox as recommended under the 2018 Code of Corporate Governance and as required under Rule 720(5) of Catalist Rules of the SGX-ST can be found in the Annual Report 2020.
4. Under the Catalist Rules of the SGX-ST, a share issue mandate approved by shareholders as an ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and/or convertible securities of the issuer of up to one hundred per cent (100%) of the total issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the time of passing of the resolution approving the Share Issue Mandate, of which the aggregate number of new shares and/or convertible securities to be issued other than on a pro-rata basis to existing shareholders must be not more than fifty per cent (50%) of the total issued Shares of the issuer (excluding treasury shares and subsidiary holdings, if any).

The Directors are of the opinion that the Share Issue Mandate will enable the Company to respond faster to business opportunities and to have greater flexibility and scope in negotiating with third parties in potential fund raising exercises or other arrangements or transactions involving the capital of the Company.

The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of the AGM until the date of the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to allot and issue shares and/or convertible securities in the capital of the Company. The aggregate number of shares and convertible securities which the Directors may allot and issue under this resolution, shall not exceed one hundred per cent (100%) of the Company's issued Shares (excluding treasury shares and subsidiary holdings, if any) of which the aggregate number of shares and/or convertible securities to be issued other than on a *pro-rata* basis to existing shareholders shall not exceed fifty per cent (50%) of the Company's issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of passing of this resolution. This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE TO SHAREHOLDERS IN RELATION TO THE CONDUCT AND PROCEEDINGS OF THE COMPANY'S ANNUAL GENERAL MEETING ON 26 APRIL 2021 AT 2:00 P.M.

The board of directors (the "**Board**") of Healthway Medical Corporation Limited (the "**Company**") refers to the following:

- (a) the COVID-19 (Temporary Measures) Act 2020 passed by the Parliament on 7 April 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to, inter alia, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, teleconferencing or other electronic means
- (b) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**") which was gazetted on 13 April 2020 and subsequently amended on 14 April 2020 and 24 April 2020, and which sets out the alternative arrangements in respect of, inter alia, general meetings of companies;
- (c) the Joint Statement by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation on 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020 and 1 October 2020), providing additional guidance on the conduct of general meetings during the period from 27 March 2020 to 30 June 2021; and
- (d) the amendments to the COVID-19 Order, which came into force on 29 September 2020 and has extended the meeting orders to 30 June 2021 and refined the Order to facilitate entities to hold meetings via electronic means.

In light of the above developments, to minimise physical interaction and COVID-19 transmission risks, the Company wishes to inform shareholders of the Company (the "**Shareholders**") that it will conduct its Annual General Meeting on 26 April 2021 (Monday) at 2:00 p.m. ("**AGM**") by way of electronic means pursuant to First Schedule of the COVID-19 Order, and the physical location for the AGM is purely to facilitate the conduct of the AGM by way of electronic means.

The Company will arrange for (i) a "live" webcast of the AGM, which allows Shareholders to view the proceedings of the AGM contemporaneously ("**Live Webcast**"); and (ii) audio only means (via telephone), which allows Shareholders to observe the proceedings of the AGM contemporaneously ("**Audio Only Means**"). Shareholders can **ONLY** participate in the AGM via Live Webcast or Audio Only Means. The Company will **NOT** accept any physical attendance by Shareholders at the physical location of the AGM, and any Shareholder will **NOT** be allowed to attend the AGM in person.

NOTICE OF ANNUAL GENERAL MEETING

Alternative arrangements are instead put in place to allow shareholders to participate in the AGM. Shareholders should note the following procedures and/or instructions to participate in the AGM via Live Webcast or Audio Only Means:

Participation in AGM proceedings via Live Webcast

1. A Shareholder of the Company (including CPF/SRS investors) or their corporate representatives (in the case of a Shareholder which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a Live Webcast via mobile phone, tablet or computer. In order to do so, the Shareholder may pre-register from 8:00 p.m. on 8 April 2021 (Thursday) and must pre-register by **2:00 p.m. on 23 April 2021 (Friday)** (being not less than seventy-two (72) hours before the time fixed for the AGM) ("**Registration Deadline**"), at the following URL: https://conveneagm.sg/hmc_agm2021 (the "**HMC AGM Website**"), to create an account and to enable the Company to verify the Shareholders' status. Persons who hold shares through Relevant Intermediaries who wish to participate in the AGM by observing and/or listening to the AGM proceedings via "live" audio-and-visual website or "live" audio-only stream should approach his/her/its Relevant Intermediaries.
2. Following authentication of his/her/its status as a Shareholder of the Company, such Shareholder will receive an email on their authentication status and will be able to access the Live Webcast/listening to the proceedings of the AGM via Audio Only Means using the account created.
3. Shareholders who have pre-registered by the Registration Deadline but do not receive the aforementioned email by **12:00 noon on 25 April 2021 (Sunday)** should contact the Company at the following email address: hmcagm2021@healthwaymedical.com, with the following details included: (1) the Shareholder's full name; and (2) his/her/its identification/registration number.
4. Shareholders who are attending the AGM via Live Webcast are reminded that the AGM is private. Invitations to attend the AGM Live Webcast shall not be forwarded to anyone who is not a Shareholder of the Company or who is not authorised and/or authenticated to attend the AGM Live Webcast. Recording of the AGM Live Webcast in whatsoever form by the Shareholders is also strictly prohibited.
5. The Company seeks for Shareholders' indulgence during the Live Webcast and Audio Only Means in the event of any technical disruptions. Shareholders may go to "Contact Support" at the bottom of the following URL: https://conveneagm.sg/hmc_agm2021 (the "**HMC AGM Website**"), in the event if there is any technical issue for login pre-AGM.

Submission of questions prior to the AGM

6. A Shareholder of the Company (including CPF/SRS investors) may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations. The Company will endeavour to address questions that are substantial and relevant. Persons who hold shares through Relevant Intermediaries who wish to submitting questions in advance of the AGM should approach his/her/its Relevant Intermediaries.
7. To do so, all questions must be submitted **no later than 5:00 p.m. on 16 April 2021 (Friday)** through any one of the following means:
 - (a) via the HMC AGM Website; or
 - (b) in physical copy by depositing the same at the Company's Share Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (c) by email to AGM.TeamE@boardroomlimited.com.

NOTICE OF ANNUAL GENERAL MEETING

8. If the questions are deposited in physical copy at the abovementioned address or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), please state your question(s), your full name, NRIC/Passport Nos./Company Registration Nos. and number of shares held, and whether you are a Shareholder or a Corporate Representative of a Corporate Shareholder. Any question without these identification details will not be entertained.
9. Please note that substantial questions and relevant comments from Shareholders would be addressed by the Company on **22 April 2021 (Thursday) via the HMC AGM Website and on the SGXNet through an announcement after trading hours**. The responses from the Board and Management of the Company in respect of subsequent clarifications sought, or follow-up questions on substantial and relevant matters received prior to the AGM will thereafter be published on SGXNet and the Company's corporate website at <https://www.healthwaymedical.com/investorrelations/announcements/>, together with the minutes of the AGM, within one (1) month after the conclusion of the AGM.

Voting by Proxy to Chairman of AGM Only

10. If a Shareholder of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such Shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**"), failing which the appointment will be treated as invalid.
11. The Chairman of the Meeting, as proxy, need not be a Shareholder of the Company.
12. The Proxy Form must be submitted through any one of the following means:
 - (a) by depositing a physical copy at the Company's Share Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
 - (b) by sending a copy of the completed and executed Proxy Form via email to AGM.TeamE@boardroomlimited.com, in each case, no later than **2:00 p.m. on 24 April 2021 (Saturday)** (being not less than forty-eight (48) hours before the time fixed for the AGM).

To minimise physical interactions and COVID-19 transmission risks, Shareholders of the Company are strongly encouraged to submit completed proxy forms electronically via email.

13. In the case of submission of the Proxy Form, the Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
14. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

NOTICE OF ANNUAL GENERAL MEETING

15. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form.
16. In the case of a Shareholder of the Company whose shares are entered against his/her/its name in the Depository Register, the Company may reject any Proxy Form if the Shareholder, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Persons who hold shares through Relevant Intermediaries*

17. (a) Persons holding shares in the Company through Central Provident Fund (“CPF”) and Supplementary Retirement Scheme (“SRS”) (“CPF/SRS investors”) who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit his/her/its vote by **5:00 p.m. on 14 April 2021 (Wednesday), being seven (7) working days before the date of the AGM.**
- (b) Persons holding shares through relevant intermediaries (other than CPF/SRS investors) appointing the Chairman as proxy to attend, speak and vote on their behalf at the AGM, should contact the Relevant Intermediary* through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act, Chapter 289 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Documents for the AGM

18. Documents relating to the business of the AGM, which comprise the Company’s annual report for the financial year ended 31 December 2020, as well as the Notice of AGM and the Proxy Form for the AGM (“**Documents**”), have been published on SGXNet and the Company’s corporate website at <https://www.healthwaymedical.com/investor-relations/announcements/> on 8 April 2021. Printed copies of the Documents will **NOT** be sent to Shareholders. The Company also seeks Shareholders’ understanding and cooperation to adhere to the measures taken by the Company in light of the COVID-19 situation. Shareholders are advised to check on the Company’s announcement(s) on SGXNet or the Company’s corporate website for any changes or updates on this AGM, should there be any further measures recommended by the relevant authorities.

NOTICE OF ANNUAL GENERAL MEETING

Key dates/deadlines

Key dates	Actions
8:00 p.m. on 8 April 2021 (Thursday)	<ul style="list-style-type: none"> Shareholders may begin to pre-register at HMC AGM Website for Live Webcast/Audio Only Means of the AGM proceeding. Shareholders may begin to submit questions at HMC AGM Website.
5:00 p.m. on 14 April 2021 (Wednesday)	<ul style="list-style-type: none"> Deadline for CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes.
5:00 p.m. on 16 April 2021 (Friday)	<ul style="list-style-type: none"> Deadline for shareholders to submit questions.
22 April 2021 (Thursday)	<ul style="list-style-type: none"> Company's responses on shareholders' questions and/or answers to frequently asked questions made available to shareholders on HMC AGM Website and on the SGXNet after trading hours.
2:00 p.m. on 23 April 2021 (Friday)	<ul style="list-style-type: none"> Deadline for shareholders to pre-register for Live Webcast/Audio Only Means of the AGM proceeding.
2:00 p.m. on 24 April 2021 (Saturday)	<ul style="list-style-type: none"> Deadline for shareholders to submit proxy forms appointing the Chairman of the AGM as proxy in respect of the resolutions tabled for approval at the AGM.
12:00 noon on 25 April 2021 (Sunday)	<ul style="list-style-type: none"> Authenticated shareholders will receive an email which will contain: <ol style="list-style-type: none"> user ID and password details as well as the link to access the Live Webcast; and a PIN code and the toll-free telephone number to access the Audio Only Means of the AGM proceeding (Collectively, the "Confirmation Email"). Shareholders who do not receive the Confirmation Email by 12:00 noon on 25 April 2021 (Sunday), but have registered by the 23 April 2021 (Friday) deadline should contact the Company at the following email address: hmcagm2021@healthwaymedical.com, with the following details included: <ol style="list-style-type: none"> the Shareholder's full name; and his/her/its identification/registration number.

NOTICE OF ANNUAL GENERAL MEETING

Key dates	Actions
<p>Date and time of AGM – 2:00 p.m. on 26 April 2021 (Monday)</p>	<ul style="list-style-type: none"> • Click on the link in the Confirmation Email and enter the user ID and password to access the Live Webcast of the AGM proceeding; or • Call the toll-free telephone number in the Confirmation Email and key in the PIN code to access the Audio Only Means of the AGM proceeding. <p>Shareholders may go to “Contact Support” at the bottom of the HMC AGM Website, in the event if there is any technical issue for login pre-AGM or during AGM.</p>

Personal data privacy:

By pre-registering for the Live Webcast/Audio Only Means, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company’s businesses and operations, a Shareholder of the Company consents to the collection, use and disclosure of the Shareholder’s personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents) of proxy forms appointing the Chairman of the Meeting as a proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the Live Webcast or Audio Only Means to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from Shareholders received before the Meeting and if necessary, following up with the relevant Shareholders in relation to such questions;
- (iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a Shareholder of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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HEALTHWAY MEDICAL CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 200708625C)

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

1. The Annual General Meeting ("AGM") is being convened, and will be held, by way of electronic means pursuant to First Schedule of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Company's annual report for the financial year ended 31 December 2020 as well as the Notice of AGM and the Proxy Form ("Documents") for the AGM have been published on SGXNet and the Company's corporate website at <https://www.healthwaymedical.com/investor-relations/announcements/>. Printed copies of the Documents will **NOT** be sent to members of the Company ("Shareholder").
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via Live Webcast or Audio Only Means), submission of questions in advance of the AGM, addressing of substantial queries and relevant comments, prior to, or at, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM.
3. To minimise physical interactions and COVID-19 transmission risks, a Shareholder will **NOT** be able to attend the AGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM.
4. Please read the notes overleaf which contain instruction on, inter alia, the appointment of the Chairman of the AGM as a Shareholder's proxy to attend, speak and vote on his/her/its behalf at the AGM.

I/We, _____ (Name), NRIC/Passport No./Co. Reg. No. _____

Of _____ (Address)

being a *Shareholder/Shareholders of Healthway Medical Corporation Limited (the "**Company**") hereby appoint the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held **by way of electronic means (via live webcast and audio only means) on Monday, 26 April 2021 at 2:00 p.m.** and at any adjournment thereof. *I/We direct *my/our proxy to vote for or against, or abstain from voting on the Ordinary Resolutions to be proposed at the Meeting as indicated hereunder.

If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as *my/our proxy will be treated as invalid.

No.	Resolutions Relating to:	For**	Against**	Abstain**
Ordinary Business				
1.	Adoption of Directors' Statement and Audited Financial Statements and Independent Auditor's Report for the financial year ended 31 December 2020			
2.	Re-election of Dr Stephen Riady as a Director of the Company			
3.	Re-election of Mr Anand Kumar as a Director of the Company			
4.	Re-election of Ms Aliza Knox as a Director of the Company			
5.	Approval of payment of Directors' fees of S\$175,510 for the financial year ended 31 December 2020			
6.	Re-appointment of Messrs Ernst & Young LLP as Independent Auditor and to authorize the Directors of the Company to fix their remuneration			
Special Business				
7.	Authority to allot and issue shares pursuant to the Share Issue Mandate			

* Delete accordingly

** If you wish to exercise all your votes "**For**" or "**Against**", please indicate with a tick (✓) in the "**For**" or "**Against**" box. Alternatively, please indicate the number of votes "**For**" or "**Against**" as appropriate in each resolution. If you wish to "**Abstain**" from voting on a resolution, please indicate with a tick (✓) in the "**Abstain**" box. Alternatively, please indicate the number of shares which you wish to abstain from voting.

Dated this _____ day of _____ 2021

	Total Number of Shares in:
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman as proxy shall be deemed to relate to all the shares held by you.
2. To minimise physical interactions and COVID-19 transmission risks, a Shareholder of the Company will **NOT** be able to attend the Meeting in person. A Shareholder of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such Shareholder wishes to exercise his/her/its voting rights at the Meeting. This proxy form has been made available on SGXNet and the Company's corporate website at <https://www.healthwaymedical.com/investor-relations/announcements/>. Printed copy of this proxy form will **NOT** be despatched to Shareholders.
3. The Chairman of the Meeting, as proxy, need not be a Shareholder of the Company.
4. This duly executed proxy form, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be sent by email to AGM.TeamE@boardroomlimited.com or posted to the Company's Share Registrar's office at Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 **by 2.00 p.m. on 24 April 2021 (Saturday)** (being not less than forty-eight (48) hours before the time appointed for holding the Meeting). To minimise physical interactions and COVID-19 transmission risks, Shareholders of the Company are strongly encouraged to submit completed proxy forms electronically via email.
5. A member of the Company who holds his/her/its shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish to exercise his/her/its votes by appointing the Chairman of the Meeting as proxy should approach his/her/its Relevant Intermediary (including his/her/its CPF Agent Bank or SRS Approved Bank) to submit his/her/its voting instructions **at least seven (7) working days prior to the date of the AGM (i.e. by 5:00 p.m. on 14 April 2021 (Wednesday))**.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. This proxy form must be under the hand of the appointor or his/her/its attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
8. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as a proxy. In addition, in the case of Shareholders of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as a proxy lodged if such Shareholders are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the Meeting and vote thereat unless his/her/its name appears on the Depository Register seventy-two (72) hours before the time appointed for holding the Meeting.
10. CPF or SRS investors who wish to appoint Chairman of the Meeting as proxy should approach their respective Agent Banks or SRS Operators to submit their votes **by 5:00 p.m. on 14 April 2021 (Wednesday)**.

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act, Chapter 289 and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as a proxy to vote at the Meeting and/or any adjournment thereof, a Shareholder of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2021.



Company Registration No. 200708625C
6 Shenton Way #10-09 OUE Downtown 2
Singapore 068809

Telephone: (65) 6323 4415

Facsimile: (65) 6235 0809

Email: investorrelations@healthwaymedical.com

www.healthwaymedical.com



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