THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, other licensed corporation, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Lippo Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an offer or invitation to subscribe for or purchase any securities nor is it calculated to invite any such offer or invitation.

LIPPO LIMITED

力 寶 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 226)

POSSIBLE MAJOR TRANSACTION

VOLUNTARY CONDITIONAL CASH OFFER FOR SHARES IN HEALTHWAY MEDICAL CORPORATION LIMITED BY RHB SECURITIES SINGAPORE PTE. LTD. FOR AND ON BEHALF OF GENTLE CARE PTE. LTD. (AN INDIRECT SUBSIDIARY OF LIPPO LIMITED)

A letter from the Board is set out on pages 7 to 24 of this circular.

23rd March, 2017

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In this circular, unless the context requires otherwise, the following terms and expressions shall have the following meanings:

"2016 Healthway Accounts"	the audited financial statements of Healthway for the year ended 31st December, 2016;
"Acceptance Condition"	as defined in the section "The Offer – Condition of the Offer" in this circular;
"Acquisition Price"	as defined in the section "The Offer – Value of the Offer" in this circular;
"Announcement"	the joint announcement of the Company and LCR dated 7th February, 2017;
"Board"	the board of Directors;
"Catalist Board"	the sponsor-supervised listing platform of the SGX-ST;
"Catalist Rules"	The SGX-ST Listing Manual Section B: Rules of Catalist;
"CEI"	Continental Equity Inc., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of LCR;
"Closing Date"	5:30 p.m. (Singapore time) on 28th March, 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodge of acceptance for the Offer and the Convertible Notes Offer (where applicable);
"CN A"	as defined in the section "Convertible Notes Offer – Convertible Notes" in this circular;
"CN Announcements"	Healthway's announcements dated 17th January, 2017, 19th January, 2017, 6th February, 2017, 13th February, 2017, 24th February, 2017 and 11th March, 2017 relating to the proposed issuance of notes;
"CN B"	as defined in the section "Convertible Notes Offer – Convertible Notes" in this circular;

"Company"	Lippo Limited 力寶有限公司, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange;
"Convertible Notes"	CN A and/or CN B issued by Healthway (as the case may be) pursuant to the CN Announcements relating to the proposed issuance of notes;
"Convertible Notes Offer"	as defined in the section "Convertible Notes Offer – Convertible Notes Offer" in this circular;
"Convertible Notes Offer Price"	as defined in the section "Convertible Notes Offer – Convertible Notes Offer Price" in this circular;
"Conversion Price"	as defined in the section "Convertible Notes Offer – Convertible Notes" in this circular;
"Conversion Ratio"	as defined in the section "Convertible Notes Offer – Convertible Notes Offer Price" in this circular;
"Directors"	directors of the Company;
"Distributions"	dividends, rights, other distributions and return of capital;
"Encumbrances"	liens, equities, mortgages, pledges, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature;
"Existing Shareholding"	as defined in the section "Disclosure of shareholdings and dealings in Healthway" in this circular;
"Financial Advisor"	RHB Securities Singapore Pte. Ltd., the exclusive financial advisor acting for and on behalf of the Offeror in connection with the Offer;
"Group"	the Company and its subsidiaries;
"Healthway"	Healthway Medical Corporation Limited, a company incorporated in Singapore with limited liability whose shares are listed on the Catalist Board of the SGX-ST;

"Healthway Board"	the board of directors of Healthway;
"Healthway Shareholders"	the shareholders of Healthway;
"Healthway Shares"	shares in Healthway;
"HKC"	Hongkong Chinese Limited (香港華人有限公司*), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange and an approximate 65.84% indirect subsidiary of the Company;
"HKFRS"	Hong Kong Financial Reporting Standards;
"HME"	Healthway Medical Enterprises Pte. Ltd., an incubator of medical clinics in Singapore and managed by Healthway;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"IFRS"	International Financial Reporting Standards;
"Initial Notes"	as defined in the section "Convertible Notes Offer – Convertible Notes" in this circular;
"Lanius"	Lanius Limited, a company incorporated in Hong Kong with limited liability;
"Last Trading Day"	6th February, 2017, being the last full Market Day immediately prior to the Offer Announcement Date;
"Latest Practicable Date"	20th March, 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
"LCR"	Lippo China Resources Limited 力寶華潤有限公司, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange and an approximate 72.60% indirect subsidiary of the Company;
"LCR Group"	LCR and its subsidiaries;

"Lippo Capital"	Lippo Capital Limited, a company incorporated in the Cayman Islands with limited liability;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Market Day"	a day on which the SGX-ST is open for the trading of securities;
"Maturity Date"	the maturity date of the Initial Notes being the date that is 2 years after the date of issue of the Initial Notes;
"Maximum Convertible Notes Offer Price"	as defined in the section "Convertible Notes Offer – Convertible Notes Offer Price" in this circular;
"Maximum Potential Issued Share Capital of Healthway"	the total number of Healthway Shares which would be in issue had all the outstanding Convertible Notes which are convertible prior to the Closing Date been validly converted as at the date of declaration of the Offer becoming unconditional;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules;
"NCN"	as defined in the section "Convertible Notes Offer – Convertible Notes" in this circular;
"Noteholder"	the Subscriber, as the sole holder of the Convertible Notes when issued, or such other transferee(s) pursuant to a valid transfer of the Convertible Notes by the Subscriber;
"Notes Offer Letter"	the formal offer letter containing the terms and conditions of the Convertible Notes Offer (where applicable) to the Noteholder that may be issued by or on behalf of the Offeror;
"Offer"	the voluntary conditional cash offer for the Offer Shares;
"Offeror"	Gentle Care Pte. Ltd., a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of LCR;

"Offer Announcement"	the announcement dated 7th February, 2017 released on the SGX-ST by the Financial Advisor for and on behalf of the Offeror in connection with the Offer, as updated by the announcement dated 8th February, 2017;
"Offer Announcement Date"	7th February, 2017;
"Offer Document"	the offer document issued by the Financial Advisor for and on behalf of the Offeror on 28th February, 2017 in relation to the Offer;
"Offer Price"	the price per Offer Share offered by the Offeror in the Offer;
"Offer Share(s)"	all the issued and paid-up ordinary shares (which shall, for the avoidance of doubt, include any Healthway Shares issued pursuant to the exercise of instruments convertible into, rights to subscribe for, and options in respect of, Healthway Shares, convertible securities or which carry voting rights during the offer period) including all Healthway Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror;
"PRC"	the People's Republic of China;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SFRS"	Singapore Financial Reporting Standards;
"SGX-ST"	Singapore Exchange Securities Trading Limited;
"Share(s)"	share(s) in the Company;
"Shareholder(s)"	shareholder(s) of the Company;
"SIC"	Securities Industry Council of Singapore;
"Singapore"	the Republic of Singapore;
"Singapore Takeovers Code"	The Singapore Code on Take-overs and Mergers;

"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscriber"	GW Active Limited;
"Subscription Agreement"	the subscription agreement dated 16th January, 2017 between Healthway and the Subscriber for the subscription of the notes as referred to in the CN Announcements;
"Total Acquisition Price"	as defined in the section "The Offer — Value of the Offer" in this circular;
"Wei Yi"	Wei Yi Shi Ye Co. Ltd., a company which owned certain medical clinics in the PRC that are managed by Healthway;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"MOP"	Macau Patacas, the lawful currency of the Macau Special Administrative Region of the PRC;
"RMB"	Renminbi, the lawful currency of the PRC;
"S$"	Singapore dollars, the lawful currency of Singapore;
"THB"	Thai Bahts, the lawful currency of Thailand;
"US$"	United States dollars, the lawful currency of the United States of America; and
"%"	per cent.

* *For identification purpose only*

Notes:

(1) For the purpose of illustration only and unless otherwise stated, conversion of S$ into HK$ in this circular is based on the exchange rate of S$1.00 to HK$5.5. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

(2) Certain English translations of Chinese names or words used in this circular are included for information purpose only and should not be relied upon the official translation of such Chinese names or words.

LIPPO LIMITED
力寶有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 226)

Executive Directors:
Dr. Stephen Riady *(Chairman)*
Mr. John Luen Wai Lee, *BBS, JP*
(Managing Director and Chief Executive Officer)

Non-executive Directors:
Mr. Jark Pui Lee, *SBS, OBE, JP*
Mr. Leon Nim Leung Chan

Independent Non-executive Directors:
Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Victor Ha Kuk Yung

Registered Office:
24th Floor
Tower One
Lippo Centre
89 Queensway
Hong Kong

23rd March, 2017

To the Shareholders

Dear Sir or Madam,

POSSIBLE MAJOR TRANSACTION

VOLUNTARY CONDITIONAL CASH OFFER FOR SHARES IN HEALTHWAY MEDICAL CORPORATION LIMITED BY RHB SECURITIES SINGAPORE PTE. LTD. FOR AND ON BEHALF OF GENTLE CARE PTE. LTD. (AN INDIRECT SUBSIDIARY OF LIPPO LIMITED)

INTRODUCTION

Reference is made to the Announcement, in which the directors of the Company and LCR announced that, Gentle Care Pte. Ltd., an indirect wholly-owned subsidiary of LCR which in turn is an indirect non-wholly owned subsidiary of the Company, intends to make a voluntary conditional cash offer for all the issued and paid-up ordinary shares (which shall, for the avoidance of doubt, include any Healthway Shares issued pursuant to the exercise of instruments convertible into, rights to subscribe for, and options in respect of, Healthway Shares, convertible securities or securities which carry voting rights during the offer period) in the capital of Healthway, a company listed on the Catalist Board, including all the Healthway Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror.

The purpose of this circular is to provide you with, among other things, information relating to the Offer, which constitutes a possible major transaction for the Company under Chapter 14 of the Listing Rules.

THE OFFER

On 7th February, 2017, the Financial Advisor released the Offer Announcement to the SGX-ST in accordance with the listing rules of the SGX-ST. The Offer Announcement is available on the SGX-ST website (www.sgx.com).

The Offeror made the Offer in accordance with rule 15 of the Singapore Takeovers Code, subject to the terms and conditions set out in the Offer Document which was issued by the Financial Advisor for and on behalf of the Offeror on 28th February, 2017. The Offer Document is available on the website of the SGX-ST (www.sgx.com).

The Offer is extended to all Offer Shares and, on the same terms and conditions, to all new Healthway Shares unconditionally issued or to be issued prior to the Closing Date pursuant to the valid conversion of any Convertible Notes prior to the Closing Date. For the purpose of the Offer, the expression "Offer Shares" shall include the aforesaid Healthway Shares.

Offer Price

The price offered for each Offer Share is S$0.042 (equivalent to approximately HK$0.231), payable in cash.

The Offer Price was determined by reference to the recent transaction prices of the Healthway Shares and a price to book value analysis of comparable companies in the medical industry that are listed on the SGX-ST and Bursa Malaysia, which showed that the valuation of Healthway based on the Offer Price is lower than that of such comparable companies. Set out below is the price to book value analysis reviewed by the Company:

Comparable Companies	Market Capitalisation+ *(S$ million)*	P/NAV^
IHH Healthcare Bhd	16,381.1	2.26x
Raffles Medical Group Ltd	2,544.8	3.82x
KPJ Healthcare Bhd	1,402.5	2.76x
Talkmed Group Ltd	801.7	12.61x*
Q&M Dental Group Singapore Ltd	561.6	4.90x
Health Management International Ltd	394.4	7.12x
ISEC Healthcare Ltd	152.5	2.51x
Singapore Medical Group Ltd	143.0	12.99x*
AsiaMedic Ltd	30.5	1.81x
High		7.12x
Mean		3.59x
Median		2.76x
Low		1.81x
Healthway Medical Corp (Offer Price)	103.3	0.53x

Note: * denotes statistical outlier and is excluded from determining the high, mean, median and low.

+ Market Capitalisation means the market value of the entire size of such comparable company as at the Last Trading Day.

^ P/NAV means the market capitalisation for such comparable company against its net asset value.

Source: Bloomberg, annual reports and announcements of the above companies

A price to book value analysis is the market value-based multiples derived from similar businesses that have been bought or sold. This approach also shows the extent to which the value of the shares of the relevant company is backed by its tangible and intangible assets. The intangible assets are in relation to the costs of acquisition of the relevant business which thus represent the value of the relevant company. The Company considers that a price to book value analysis is a fair and reasonable basis for the Group's reference in determining the Offer Price for the Offer Shares. As illustrated above, the valuation of Healthway based on the Offer Price is lower than that of such comparable companies and is favourable to the Group, as such, the Board considers that the Offer Price is fair and reasonable and in the interest of the Company and its shareholders as a whole.

As stated herein, Healthway is a well-established private healthcare provider with a large network of medical centres and clinics in Singapore and the Offer Price (including the premium) reflects the commercial value of Healthway taking into account its large network and business potential.

In addition, the Offer Price which represents a premium of 5%, 13.82%, 19.66% and 19.32% over the last transacted price per Healthway Share on the Last Trading Day and the weighted average price per Healthway Share for one-month, three-month and six-month periods up to and including the Last Trading Day respectively is being offered to attract Healthway Shareholders and to increase the chance of success of the Offer.

On this basis, the Board considers that the Offer Price is fair and reasonable and in the interest of the Company and its shareholders as a whole.

Adjustment of the Offer Price

Under rule 23.11 of the Singapore Takeovers Code, an offeror is required to state in the offer document whether the securities for which the offer is made are to be acquired including or excluding any dividend or distribution which has been or may be declared.

In the Offer Document, the Offeror has stated that the Offer Shares are to be acquired together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital which may be announced, declared, paid or made thereon by Healthway on or after the Offer Announcement Date). The Company understands that pursuant to a bulletin released by the SIC in February 2017, this is a common approach adopted by offerors who will usually set their offer price to include the acquisition of distributions and this approach is acceptable to the SIC. In such cases, offerors will also usually reserve the right to reduce the offer consideration by the amount of any dividend retained by an accepting shareholder.

Rule 3.6 and rule 21.3 of the Singapore Takeovers Code requires that within 30 minutes of incurring an obligation to revise an offer, an offeror should make an announcement stating the number and class of voting rights acquired, the price paid and any revisions to the terms of the offer, together with any other information required in the offer announcement, to the extent that it has not previously been announced. The note to rule 3 of the Singapore Takeovers Code clarifies that in the alternative, a temporary trading halt of the offeree's shares can be called, and an announcement must be made before the trading halt is lifted. The offeree's shareholders must also be notified in writing of the increased price payable at least 14 days before the offer closes, pursuant to rule 21.3 of the Singapore Takeovers Code.

If an offer is revised, the offer must remain open for at least 14 days from the date of posting of the written notification of the revision to shareholders, pursuant to rule 20.1 of the Singapore Takeovers Code. Further, all of the offeree's shareholders who have accepted the original offer shall receive the revised consideration, pursuant to rule 20.4 of the Singapore Takeovers Code.

Rights and Encumbrances

The Offer Shares are to be acquired (i) fully paid-up, (ii) free from all Encumbrances, and (iii) together with all the rights, benefits and entitlements as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all the Distributions (if any) which may be announced, declared, paid or made thereon by Healthway on or after the Offer Announcement Date).

If any Distribution is announced, declared, paid or made by Healthway on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such Distribution paid or made by Healthway to such Healthway Shareholders who accept or have accepted the Offer.

Save as aforesaid, the Offer Price is currently not subject to any adjustments nor has the Company approved any adjustment of the Offer Price. The Company will comply with the relevant Listing Rules requirements in the event of any adjustment to the Offer Price.

Condition of the Offer

The Offer will be subject to the Offeror having received, by the Closing Date, valid acceptances in respect of such number of Offer Shares which, when taken together with Healthway Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and any parties acting in concert with it holding such number of Healthway Shares carrying more than 50% of the voting rights attributable to the issued share capital of Healthway as at the Closing Date (including any voting rights attributable to Healthway Shares issued or to be issued pursuant to the valid conversion of the Convertible Notes prior to the final Closing Date) (the "Acceptance Condition").

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the Closing Date, unless at any time prior to the Closing Date, the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with Healthway Shares owned, controlled or agreed to be acquired by or on behalf of the Offeror and parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Healthway Shares carrying more than 50% of the voting rights attributable to the Maximum Potential Issued Share Capital of Healthway.

Save for the Acceptance Condition, the Offer will not be subject to any other condition. If the Acceptance Condition is not met by the Closing Date, the Offer will lapse. In addition, pursuant to rule 22.9 of the Singapore Takeovers Code, the Acceptance Condition must be fulfilled by the 60th day after the date of the Offer Document is initially despatched (or such later date as may be extended by the SIC), otherwise the Offer will automatically lapse.

Duration of the Offer

Except insofar as the Offer may be withdrawn with the consent of the SIC, the Offer will remain open for acceptances by Healthway Shareholders for a period of at least 28 days from the date of posting of the Offer Document.

The Offer will close at 5:30 p.m. (Singapore time) on 28th March, 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Value of the Offer

On the basis of the Offer Price, the entire share capital of Healthway in issue as at the Latest Practicable Date was valued at approximately S$103,330,000 (equivalent to approximately HK$568,300,000), representing a discount of 33.7% to the unaudited consolidated net assets of Healthway as at 31st December, 2016 of approximately S$155,864,000 (equivalent to approximately HK$857,300,000) as disclosed in its latest results announcement for the year ended 31st December, 2016.

The Offer Shares to be acquired by the LCR Group (excluding Healthway Shares already owned by the Offeror and parties acting in concert with it as at the date of release of the Announcement) were valued at approximately S$81,212,000 (equivalent to approximately HK$446,700,000) based on the closing price of S$0.040 (equivalent to approximately HK$0.22) per share as at the Last Trading Day, or approximately S$85,272,000 (equivalent to approximately HK$469,000,000) (the "Acquisition Price") based on the Offer Price. The Acquisition Price when aggregating with the total acquisition price of the Healthway Shares acquired by the LCR Group before the date of the Announcement would amount to approximately S$100,826,000 (equivalent to approximately HK$554,500,000) (the "Total Acquisition Price").

Offer Document

The Offer Document enclosing the form of acceptance was despatched to the Healthway Shareholders on 28th February, 2017.

CONVERTIBLE NOTES OFFER (WHERE APPLICABLE)

Convertible Notes

On 17th January, 2017, Healthway announced the proposed issuance of notes pursuant to the Subscription Agreement for the subscription of (i) S$10,000,000 (equivalent to approximately HK$55,000,000) convertible notes ("CN A") (with a conversion price of S$0.03384 (equivalent to approximately HK$0.18612) per share) (the "Conversion Price") and (ii) S$60,000,000 (equivalent to approximately HK$330,000,000) in non-convertible notes ("NCN", and together with CN A, the "Initial Notes"). Subject to certain conditions being met within six months from the date of the Subscription Agreement, including but not limited to obtaining approval from the Healthway Shareholders, the Initial Notes may be exchanged for fully convertible notes ("CN B"). The CN B are convertible into new Healthway Shares at the Conversion Price and have a maturity period of 5 years from the date of issue. Assuming all the Initial Notes (with the principal of S$70,000,000 (equivalent to approximately HK$385,000,000)) were issued on the same date and, together with the interest accrued thereon, were exchanged for CN B six months after the date that the Initial Notes were issued and were immediately converted at the Conversion Price, a maximum of 2,218,502,511 Healthway Shares would be issued. For further details of these Convertible Notes, please refer to the CN Announcements which are available on the website of the SGX-ST (www.sgx.com). As at the Latest Practicable Date, the CN A or CN B has not been issued.

Convertible Notes Offer

In addition to extending the Offer to all new Healthway Shares unconditionally issued or to be issued prior to the Closing Date, if the Convertible Notes are validly converted prior to the Closing Date, the Financial Advisor, for and on behalf of the Offeror, will be making an appropriate offer to the Noteholder (where any Convertible Notes are issued) to acquire the Convertible Notes (where applicable), other than those already owned, controlled or agreed to be acquired by the Offeror, in accordance with the terms and subject to the conditions set out in this Offer Document, the Notes Offer Letter (where applicable) and the form of acceptance and transfer of the Convertible Notes (where applicable) (the "Convertible Notes Offer").

Convertible Notes Offer Price

The Noteholder, if it validly accepts the Convertible Notes Offer (where applicable), will receive cash consideration for the Convertible Notes. The offer price for the Convertible Notes (the "Convertible Notes Offer Price") will, in accordance with Note 1(a) of rule 19 of the Singapore Takeovers Code, be a fixed "see-through" price, being the Offer Price for one (1) Offer Share multiplied by the number of Healthway Shares (rounded down to the nearest whole number) into which the relevant principal and accrued interest amount of Convertible Notes may be converted (the "Conversion Ratio"). In the event the Conversion Ratio is or will be adjusted in accordance with the terms and conditions of the Convertible Notes, the Offeror reserves the right to adjust the Convertible Notes Offer Price (where applicable) subject to consultation with the SIC.

The actual Convertible Notes Offer Price (where applicable) payable to the accepting Noteholder will be determined based on the total principal and accrued interest amount of the Convertible Notes that are tendered by the Noteholder in acceptance of the Convertible Notes Offer (where applicable).

For purely illustrative purposes only, the aggregate Convertible Notes Offer Price is derived as follows:

(i) assuming the aggregate principal and accrued interest of the Convertible Notes is S$10,000,000 (equivalent to approximately HK$55,000,000), the aggregate Convertible Notes Offer Price will be approximately S$12,411,348 (equivalent to approximately HK$68,300,000) in cash (the illustrative calculation is as follows):

Number of Healthway Shares which may be converted (rounded down to nearest whole number):

$$\frac{\text{S\$10,000,000}}{\text{S\$0.03384}} = 295{,}508{,}274$$

Aggregate Convertible Notes Offer Price payable:

$$295{,}508{,}274 \times \text{S\$0.042} = \text{S\$12,411,348}$$

(ii) assuming all Initial Notes (with a principal of S$70,000,000 (equivalent to approximately HK$385,000,000)) were exchanged for CN B six months after the date that the Initial Notes were issued and all the Noteholders accepted the Convertible Notes Offer, the maximum amount payable by the Offeror in relation to the Convertible Notes Offer shall be approximately S$93,177,000 (equivalent to approximately HK$512,500,000) based on the maximum number of 2,218,502,511 Healthway Shares being issued (the "Maximum Convertible Notes Offer Price").

Rights and Encumbrances

The Convertible Notes are to be acquired (where applicable) (i) fully paid-up, (ii) free from Encumbrances, and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all interest, payment, right or other distribution which may be announced, declared, paid, or made thereon by Healthway on or after the Offer Announcement Date).

In the event any interest, payment, right or other distribution is announced, declared, paid or made on the Convertible Notes on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Convertible Notes Offer Price (where applicable) by the amount of such interest, payment, right or other distribution.

Save as aforesaid, the Convertible Notes Offer Price is currently not subject to any adjustments nor has the Company approved any adjustment of the Convertible Notes Offer Price. The Company will comply with the relevant Listing Rules requirements in the event of any adjustment to the Convertible Notes Offer Price.

Condition of the Convertible Notes Offer

The Convertible Notes Offer (where applicable) will be conditional upon the Offer becoming or being declared unconditional in all respects whereas the Offer will not be conditional upon acceptances received in relation to the Convertible Notes Offer. For the avoidance of doubt, the Convertible Notes Offer and the Offer will be separate and mutually exclusive.

If the Offer lapses or is withdrawn or if the relevant Convertible Notes cease to be transferable or convertible into Healthway Shares, the Convertible Notes Offer (where applicable) shall lapse accordingly.

If the Noteholder converts its Convertible Notes in order to accept the Offer in respect of the new Healthway Shares to be issued pursuant to such conversion, it may not accept the Convertible Notes Offer in respect of such Convertible Notes. Conversely, if the Noteholder wishes to accept the Convertible Notes Offer in respect of its Convertible Notes, it may not convert its Convertible Notes in order to accept the Offer in respect of the new Healthway Shares to be issued pursuant to such conversion.

AGGREGATE PRICE PAYABLE

For illustration purposes, the aggregate consideration paid and to be paid by the LCR Group to acquire the Healthway Shares in full and to acquire the Convertible Notes under the Convertible Notes Offer in full would be S$194,003,000 (equivalent to approximately HK$1,067,000,000) (namely, the sum of the Total Acquisition Price and the Maximum Convertible Notes Offer Price) assuming that the Offer will be accepted by all the Healthway Shareholders and the Convertible Notes Offer will be accepted by the Noteholder in full. Other assumptions of the calculation of the Total Acquisition Price and the Maximum Convertible Notes Offer Price are set out in the section headed "Value of the Offer" and "Convertible Notes Offer Price", respectively.

The payment of the Acquisition Price and the Maximum Convertible Notes Offer Price (where applicable) will be financed solely by the internal resources of the LCR Group.

MANDATORY REDEMPTION OF THE CONVERTIBLE NOTES

As stated in the CN Announcements, in the event that any offer for the Healthway Shares by any person (other than the Subscriber) becomes unconditional in all respects or any person (other than the Subscriber and the controlling shareholder of Healthway as at the issue date) and their concert parties, hold more than 25% of the voting rights of Healthway, Healthway shall, within 30 business days after the occurrence of such an event, redeem all outstanding Initial Notes at (i) an amount in cash equal to the sum of 100% of the principal amount of the Initial Notes as at the Maturity Date; (ii) a redemption premium of 25% of the principal amount of the Initial Notes; and (iii) all the accrued and unpaid interest on the Initial Notes up to (and excluding) the Maturity Date.

OVERSEAS HEALTHWAY SHAREHOLDERS

The ability of Healthway Shareholders who are not resident in Singapore to accept the Offer may be affected by the laws of the relevant jurisdictions in which they are located.

INFORMATION ON THE COMPANY AND LCR

The principal business activity of the Company is investment holding. The principal activities of the subsidiaries, associates, joint ventures and joint operations of the Company are investment holding, property investment, property development, hotel operation, food businesses, property management, project management, mineral exploration and extraction, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

LCR is an approximate 72.60% indirect subsidiary of the Company. The principal business activity of LCR is investment holding. The principal activities of the subsidiaries, associates, joint ventures and joint operations of LCR include investment holding, property investment, property development, food businesses, property management, mineral exploration and extraction, securities investment, treasury investment and money lending.

INFORMATION ON OFFEROR

The Offeror is a private limited company incorporated under the laws of Singapore on 16th September, 2016. The Offeror is an indirect wholly-owned subsidiary of LCR which in turn is an indirect non-wholly owned subsidiary of the Company. The principal business activity of the Offeror is investment holding.

INFORMATION ON HEALTHWAY

Based on publicly available information, Healthway is a company incorporated under the laws of Singapore on 16th May, 2007 and was listed on the Catalist Board on 4th July, 2008. Healthway, together with its subsidiaries, owns, operates and manages medical centres and clinics. The principal activities of Healthway are investment holding and healthcare management.

Set out below is the audited consolidated net profit of Healthway as extracted from the publicly available audited consolidated financial statements of Healthway prepared in accordance with the generally accepted accounting principles in Singapore for the financial years ended 31st December, 2014 and 31st December, 2015 respectively:

	For the year ended 31st December, 2014		For the year ended 31st December, 2015	
	S$'000	*HK$'000 equivalent*	*S$'000*	*HK$'000 equivalent*
Net profit before taxation	9,933	54,632	2,696	14,828
Net profit after taxation	9,840	54,120	1,683	9,257

Based on the unaudited financial statements of Healthway for the year ended 31st December, 2016, as disclosed in its latest results announcement for the year ended 31st December, 2016, the net asset value of Healthway as at 31st December, 2016 amounted to S$155,864,000 (equivalent to approximately HK$857,300,000).

As at the Latest Practicable Date, the directors of Healthway are Mr. Khoo Yee Hoe, Mr. Wong Ong Ming, Eric, Mr. Sonny Yuen Chee Choong, Ms. Ho Sun Yee and Mr. Lin Weiwen Moses.

Other material public information regarding Healthway

(i) Appointment of an independent reviewer

The Company noted that on 27th February, 2017, Healthway announced that the SGX-ST had requested the audit committee to appoint an independent reviewer to look into the extensions of loans by Healthway to HME (an incubator of medical clinics in Singapore and managed by Healthway) and Wei Yi (a company which owned certain medical clinics in the PRC that are managed by Healthway) in order to establish whether there are any breaches of the Catalist Rules.

Based on the unaudited financial statements of Healthway for the year ended 31st December, 2016, the Company noted that Healthway had made advances to HME and Wei Yi. The Company noted that Healthway had made an allowance for a doubtful loan and other receivables in the amounts of S$15,000,000 (equivalent to approximately HK$82,500,000) and S$21,600,000 (equivalent to approximately HK$118,800,000) due from HME and Wei Yi respectively for the year ended 31st December, 2016.

According to the audited financial statements of Healthway for the year ended 31st December, 2015, the loan and other receivables due from HME and Wei Yi amounted to S$67,300,000 (equivalent to approximately HK$370,200,000) and S$35,800,000 (equivalent to approximately HK$196,900,000) respectively, and based on Healthway's accounts, both HME and Wei Yi are unrelated to Healthway.

HME and Wei Yi are unrelated to the Company. Prior to the making the Offer, the Company had already taken into account that these advances may not be fully recoverable by Healthway. The Company does not have any further information regarding this matter as the Company does not have access to the non-public information of Healthway. With the limited information available, the Directors are not able to assess the materiality of this matter nor are they in a position to comment further.

(ii) Issuance of Initial Notes

The Company further noted that on 11th March, 2017, Healthway announced that the SGX-ST, having considered Healthway's responses to a number of rounds of queries between Healthway and the SGX-ST, is of the view that the issuance of the Initial Notes would result in a transfer of controlling interest in Healthway, pursuant to the Catalist Rules. Accordingly, the SGX-ST directed that the issuance of the Initial Notes should be subject to Healthway Shareholders' approval. As such, the Company noted that the issuance of the Initial Notes (comprising of CN A and NCN) and issuance of CN B will require approval from Healthway Shareholders.

As a result of the above SGX-ST's directions, Healthway further announced on 11th March, 2017 that (i) the Subscriber had extended a 14-day grace period to Healthway pursuant to the terms of the Subscription Agreement for Healthway to satisfy all the first closing conditions as required in the Subscription Agreement and decided to waive the condition precedent for the issuance of CN B in relation to obtaining a whitewash waiver from the SIC.

(iii) Going concern

As a result of the SGX-ST's directions set out in (ii) above, the Subscriber was unable to disburse, and Healthway did not receive the funds of S$70,000,000 (equivalent to approximately HK$385,000,000) on 9th March, 2017. As such, Healthway may not be able to continue as a going concern unless sufficient fresh funds are injected into Healthway on a timely and urgent basis due to the fact that Healthway has no certainty of its sources and sufficiency of funding taking into account that it faces slow receivables collection; has difficulties in repaying creditors in relation to fixed-term borrowings which are approaching maturity; has difficulties in securing existing/new financing and has not been able to meet some of its payroll requirements. Healthway also announced that, as of 9th March, 2017, it had S$1,400,000 (equivalent to approximately HK$7,700,000) in free cash but requires S$10,700,000 (equivalent to approximately HK$58,850,000) by 31st March, 2017 to settle overdue payroll and debt obligations. Although Healthway announced that it is currently in discussion with the Subscriber regarding the issuance of the Initial Notes and other alternative proposal from the Subscriber, it cannot provide certainty that the proposed issuance of the Initial Notes can or will be undertaken.

As the Company does not have access to the non-public information of Healthway, the Company has no further knowledge regarding the release of the 2016 Healthway Accounts. In addition, the Company has no control or influence over the management of Healthway, which is a separate listed entity. The Company understands that pursuant to rule 1204(5) of the Catalist Rules, the 2016 Healthway Accounts shall be included in Healthway's 2016 annual report. Pursuant to rule 707 of the Catalist Rules, Healthway's

2016 annual report must be issued at least 14 days before the date of Healthway's annual general meeting, which in turn must be held within 4 months of the end of Healthway's financial year, that is, on or before 30th April, 2017. As such, pursuant to the Catalist Rules, Healthway must issue its 2016 annual report, together with its audited financial statements for the year ended 31st December, 2016, by 16th April, 2017 at the latest.

The Company noted that, on 24th February, 2017, Healthway announced its unaudited financial statements for the year ended 31st December, 2016, which was before the announcement of the going concern issue made by Healthway on 11th March, 2017. As the Company does not have access to non-public information of Healthway, the Company is not in a position to advise whether or not a qualified opinion will be issued in respect of the 2016 Healthway Accounts as that is a matter for the auditors of Healthway and not the Company. Pursuant to rule 14.86 of the Listing Rules, if a qualified opinion will be issued in the accountants' report (which will be provided in the supplemental circular of the Company) in respect of the acquisition of Healthway, the Company will need to convene a general meeting to obtain Shareholders' approval for the Offer.

In any event, the Board noted that the Offer has been announced in accordance with the Singapore Takeovers Code and did not contain any condition regarding the approval from the shareholders of LCR and it is not possible to impose any further condition. Notwithstanding that Healthway may not be able to continue as a going concern, the Board noted that the Offer will remain open for acceptance by Healthway Shareholders in accordance with the Singapore Takeovers Code and therefore the going concern issue will not have any impact on the Offer. Under the provisions of the Singapore Takeovers Code, once a general offer has been announced, it cannot be withdrawn or added with additional conditions. The Board will continue to evaluate the above matters and shall keep Shareholders informed of any updates that come to the attention of the Board. In addition, the Company made an announcement in accordance with the Listing Rules regarding the Offer, which constitutes a possible major transaction and was approved in accordance with rule 14.44 of the Listing Rules and is proceeding on that basis. At the time of the making of the Offer, Healthway had been operating as a going concern. The Company released its announcement based on the facts and circumstances pertaining at that time and subsequent events were not within the control of the Company.

On the basis that the Offer is successful and the LCR Group will be able to exercise control over Healthway; as the LCR Group's present intention is to maintain the listing status of Healthway and the LCR Group recognises the going concern issue, the LCR Group intends to review the business and financial situation of Healthway, and to also engage with its creditors and stakeholders with a view to understanding, addressing and, if necessary, restructuring the financing of Healthway in order to ensure that Healthway will continue to operate as a going concern and with a view to stabilising Healthway's business and financial position in the long-term.

At the time that the Company is required to provide an accountants' report required under rule 14.67(6)(a)(i) of the Listing Rules in its supplemental circular pursuant to a deferral under rule 14.67A(1) of the Listing Rules, the Company will be in a better position to assess whether the going concern issue remains and discuss with its auditors in relation to their opinion in the accountants' report.

If the Offer does not become unconditional, the acquisition of Healthway Shares by the Offeror will not constitute a major transaction and therefore there will not be any compliance issue under rule 14.86 of the Listing Rules.

(iv) Proposed interim financing to Healthway

On 20th March, 2017, Healthway announced that it has received a non-binding term sheet for proposed interim financing from LCR in the form of a secured loan of S$10,000,000 (equivalent to approximately HK$55,000,000) at an interest of 5% per annum for a term of 12 months to assist Healthway in addressing its ability to continue as a going concern which is non-binding and indicative in nature and subject to consideration by Healthway.

The Company understands that Healthway has also received, and is currently reviewing, an alternate proposal from the Subscriber. The Company will comply with the relevant Listing Rules requirements in the event the terms of the aforesaid proposed loan by the LCR Group has been concluded.

All information regarding Healthway has been extracted or reproduced from published or publicly available sources, the sole responsibility of the Board has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this circular.

GROUP'S INTENTION FOR HEALTHWAY

It is the current intention of the Group to retain the listing of Healthway on the SGX-ST. However, if the Offeror receives acceptances pursuant to the Offer in respect of not less than 90% of the total number of Offer Shares in issue as at the Closing Date (other than those already held by the Offeror, its related companies and their respective nominees as at the date of the despatch of the Offer Document), the Offeror will consider whether or not to exercise its rights of compulsory acquisition under section 215(1) of the Companies Act of Singapore to acquire those Offer Shares not acquired by the Offeror pursuant to the Offer.

Siloam Hospitals, a member of the Lippo Group in Indonesia, is one of the largest private healthcare service providers in Indonesia. Mr. John Luen Wai Lee, the Managing Director and Chief Executive Officer of the Company, has over 12 years' experience in Hong Kong's public healthcare sector. Mr. Lee formerly served as a member of the Hospital Authority and Chairman of the Hospital Governing Committee of the Queen Elizabeth Hospital. He is currently an independent non-executive director of UMP Healthcare Holdings Limited and chairman of its audit committee.

The Group also intends to appoint new directors to Healthway after the Offer becomes unconditional. Healthway is a well-established private healthcare provider with a large network of medical centres and clinics in Singapore. It has a strong presence owning, operating and managing close to 100 medical centres and clinics based on Healthway's latest public information. The management of the Company has identified certain key management personnel to review and manage the operation of Healthway. Save for the Offer and the Convertible Notes Offer (where applicable), the Group has no further commitment in Healthway.

Save as disclosed herein, the Group presently has no intention to (a) introduce any major changes to the business of Healthway; (b) redeploy the fixed assets of Healthway; or (c) discontinue the employment of the employees of Healthway, other than in the ordinary course of business. However, the Group retains the flexibility at any time to consider any options or opportunities in relation to Healthway which may present themselves and which the Group may regard to be in the best interests of Healthway. Following the Closing Date, the Group will undertake a comprehensive review of the businesses of Healthway and the review will help the Offeror determine the optimal business strategy for Healthway.

DISCLOSURE OF SHAREHOLDINGS AND DEALINGS IN HEALTHWAY

As at the Latest Practicable Date, the Offeror and CEI, an indirect wholly-owned subsidiary of LCR, owns an aggregate of 514,950,800 Healthway Shares, representing approximately 20.93% (the "Existing Shareholding") of the total number of issued Healthway Shares.

The breakdown of the Existing Shareholding is as follows:

Up to and including 7th February, 2017, being the Offer Announcement Date, the LCR Group was interested in 429,937,600 Healthway Shares, representing 17.48% of the total issued Healthway Shares, and the consideration paid for such Healthway Shares amounted to approximately S$15,554,000 (equivalent to approximately HK$85,500,000).

After the Offer Announcement Date and up to and including the Latest Practicable Date, the Group acquired a further 85,013,200 Healthway Shares through open market purchases, representing 3.45% of the total issued Healthway Shares. The consideration paid for the aforesaid Healthway Shares amounted to approximately S$3,571,000 (equivalent to approximately HK$19,600,000).

REASONS AND BENEFITS FOR THE OFFER

The Group sees the business potentials in the healthcare industry in Singapore, and would therefore like to establish their presence in this field. Healthway, as a well-established private healthcare provider in Singapore, matches the Group's strategy to establish their presence in the healthcare industry in Singapore and to acquire quality healthcare management capability. As such, the Company is of the view that the Offer is beneficial to the future business direction, management and operations of the Group. The Group currently does not have any intention to change its existing businesses after the successful closing of the Offer. Nevertheless, the Group will continue to be watchful of market developments and will from time to time review the longer term operations and prospects of its existing businesses and explore any other suitable business opportunities in maximizing Shareholders' value.

The Group (through its holdings by its subsidiaries, inclusive of the Offeror) wishes to increase its shareholding in Healthway through the Offer. The Company believes that it can provide Healthway with a stronger shareholder base to support Healthway's future business growth plans over the long term.

The new shares to be allotted and issued in connection with the Convertible Notes to be issued pursuant to the CN Announcements, if and when fully issued, would have a significant dilutive effect on the Existing Shareholding. Based on the CN Announcements, assuming all the Initial Notes (with the principal of S$70,000,000 (equivalent to HK$385,000,000)) were exchanged for CN B within six months from the date that the Initial Notes were issued and immediately converted into conversion shares, up to 2,218,502,511 conversion shares may be issued pursuant to the conversion of the Convertible Notes (if and when fully issued), representing approximately 90.17% of the existing issued share capital of Healthway of 2,460,234,183 Healthway Shares, or approximately 47.42% of the enlarged share capital of Healthway. This would result in a significant dilution of the Existing Shareholding. As such, the Company is of the view that the terms of the Convertible Notes appear onerous, may be detrimental and not be in the best interest of Healthway. Thus, the Company is of the view that alternative and less onerous terms of financing should be considered.

The Offer Price represents a premium of approximately 13.82%, 19.66% and 19.32% over the volume weighted average price per Healthway Share for one-month, three-month and six-month periods up to and including the Last Trading Day and also represents a premium of 5% over the last transacted price per Healthway Share on the Last Trading Day.

FINANCIAL EFFECTS OF THE OFFER ON THE GROUP

If the Offer becomes unconditional, it is expected Healthway will become a subsidiary of the Company at the closing of the Offer, all the earnings, assets and liabilities of Healthway would be consolidated into the consolidated financial statements of the Group. The assets and liabilities of the Group will be increased. There will also be an increase in non-controlling interests resulted from the remaining Healthway Shares held by outsiders after the closing of the Offer. The income and results from Healthway will also be added to the results of the Group.

LISTING RULES IMPLICATION

The Offer (if completed and together with the Convertible Notes Offer, where applicable) constitutes a possible major transaction for the Company under Chapter 14 of the Listing Rules as one or more of the applicable percentage ratios under rule 14.07 of the Listing Rules in respect of the Offer exceed 25% but are less than 100% for the Company. They are subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written approval of the Offer has been obtained from Lippo Capital. Lippo Capital (together with its wholly-owned subsidiary, J & S Company Limited) holds 369,800,219 Shares, representing 74.98% of the Shares in issue as at the Latest Practicable Date having the right to attend and vote at general meetings of the Company. Since none of the Shareholders are required to abstain from voting under the Listing Rules if the Company were to convene a general meeting to approve the Offer, and Lippo Capital has given a written approval to the Company for the Offer, no general meeting of the Company will therefore need to be convened to approve the Offer, as permitted under rule 14.44 of the Listing Rules.

To the best of the knowledge of the Board, having made all reasonable enquiries, apart from the Existing Shareholding, Healthway and the ultimate beneficial owners of Healthway are third parties independent of the Company and the connected persons of the Company.

The Company will issue announcement(s) on the progress of the Offer as appropriate in due course.

DEFERRAL OF DISCLOSURE OF NON-PUBLIC INFORMATION REGARDING HEALTHWAY

As this circular will be despatched before the Offer becomes unconditional, the Company will not have access to the books and records of and will not have control over Healthway prior to the despatch of this circular in order to fully comply with the disclosure requirements under rules 14.66 and 14.67 of the Listing Rules. As such, the Company intends to defer the publication of certain non-public information in the manner set out in rule 14.67A(2) and (3) of the Listing Rules.

The Company has not been granted access to books and records of Healthway. The Company understands that under rule 9 of the Singapore Takeovers Code, Healthway, as the offeree, must ensure that equality of information to all shareholders. As such, there would be prohibitions on providing and/or obtaining material price sensitive information on Healthway (which is not publically available) during the Offer process. Therefore, the Company understands that Healthway are not able to provide further information on the basis that the information provided would be price sensitive and would have to be made to all shareholders of Healthway. In addition, the Healthway Board had previously rejected a request from the Group to obtain non-public information. The Group has not made any request to Healthway after the announcement of the Offer because their view is that any approach made to Healthway may prejudice the implementation of the Offer because the information obtained from Healthway may be materially price sensitive and would prohibit the Offeror from purchasing Healthway Shares under section 219 of the Securities and Futures Act of Singapore.

Healthway is listed on the SGX-ST, which is a regulated, regularly operating and open stock exchange recognised by the Stock Exchange.

Healthway is expected to become a subsidiary of the Company at the closing of the Offer if the Offer becomes unconditional.

In accordance with rule 14.67A(2) of the Listing Rules, this circular contains the information required under, among other rules, rule 14.67A(2) of the Listing Rules.

Supplemental circular

In accordance with rule 14.67A(3) of the Listing Rules, the Company will despatch a supplemental circular within 45 days of the earlier of the Company (i) being able to gain access to Healthway's books and records or (ii) being able to exercise control over Healthway. The supplemental circular will include the outstanding information required for the purpose of complying with the disclosure requirements of the Listing Rules including but not limited to information regarding the enlarged Group, an accountants' report on Healthway, pro-forma statement of the assets and liabilities of the enlarged Group, and a discussion and analysis of the results of Healthway, and any material changes to the information disclosed in this circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

(i) Financial information of the Group;

(ii) Financial information of Healthway; and

(iii) General information.

Yours faithfully,
By Order of the Board
LIPPO LIMITED
John Luen Wai Lee
Managing Director and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

Details of the published financial information of the Group for each of the three financial years ended 31st March, 2014, 31st March, 2015 and 31st March, 2016 are disclosed in the annual reports of the Company for the financial years ended 31st March, 2014, 31st March, 2015 and 31st March, 2016 respectively, all of which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lippoltd.com.hk).

For the annual report of the Company for the financial year ended 31st March, 2016, please see: www.lippoltd.com.hk/file/financial_report/eng/E_AR_2015.pdf

For the annual report of the Company for the financial year ended 31st March, 2015, please see: www.lippoltd.com.hk/file/financial_report/eng/E_AR_2014.pdf

For the annual report of the Company for the financial year ended 31st March, 2014, please see: www.lippoltd.com.hk/file/financial_report/eng/E_AR_2013.pdf

2. INDEBTEDNESS STATEMENT

As at 31st January, 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding indebtedness of approximately HK$2,465 million, comprising secured bank loans of approximately HK$1,080 million, unsecured bank loans of approximately HK$760 million, unsecured other borrowings from the ultimate holding company of the Company of HK$590 million, secured obligations under finance leases for certain fixed assets of approximately HK$2 million, secured bankers' guarantees of approximately HK$16 million and unsecured bankers' guarantees of approximately HK$17 million.

The bank loans were secured by shares in certain listed subsidiaries of the Group, first legal mortgages over certain investment properties and leasehold land and buildings, and certain bank deposits of the Group. The obligation under finance leases are secured by the rights to certain leased fixed assets. The bankers' guarantees are secured by certain bank deposits of the Group.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 31st January, 2017, have any outstanding debt securities, whether issued and outstanding, authorised or otherwise created but unissued, term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) or unsecured, other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured borrowings or debt, mortgages, charges, guarantees or other material contingent liabilities.

Subsequent to 31st January, 2017, certain cash and bank balances and financial assets at fair value through profit or loss of the Group were pledged to a bank for the issuance of bank guarantees to the Offeror in a total amount of approximately HK$1,254 million for the Offer.

The Directors confirm that, save as disclosed above, there are no material changes in the indebtedness and contingent liabilities of the Group since 31st January, 2017.

3. MATERIAL ADVERSE CHANGES

On 17th February, 2017, the Company announced that, OUE Limited, a subsidiary of a principal joint venture of the Company and listed on the Main Board of the SGX-ST, had announced its unaudited financial results for the year ended 31st December, 2016. Based on the information currently available to the Company, the Board estimates that the Company would share a loss from the joint venture of not less than HK$10,000,000 for the year ending 31st March, 2017, as compared to a share of profit of approximately HK$124,000,000 for the six months ended 30th September, 2016. The change was mainly attributable to the net fair value loss on the joint venture’s investment properties, partially offset by profit from disposal and reversal of impairment loss of its development properties and fair value gain from its investments designated at fair value through profit or loss.

The Directors confirm that, save as disclosed above, there are no material adverse changes in the financial or trading position of the Group since 31st March, 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the internal resources available to the Group and the presently available banking facilities, the Group will have sufficient working capital for its present requirement for at least the next twelve months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The global financial markets continued to be volatile. The outlook of the global economy was still clouded with considerable uncertainties, including the extent and timing on increase of the U.S. interest rates, the impact of the United Kingdom's withdrawal from the European Union, the pace of economic growth in mainland China as well as the impact of geopolitical tension in various regions. In mainland China, the expected trend of gradual devaluation of Renminbi continued to dampen investor confidence in the region. Hopefully, the prevailing low interest rates and surplus funds environment will be a compensatory positive influence to help maintaining investor confidence and create new business opportunities. The properties at Lippo Centre in Hong Kong form a major part of the Group's current investment property portfolio and continue to provide stable and recurring revenue to the Group. The Group will monitor the development progress of its property development project in mainland China based on the market conditions in the region. Besides, food businesses are another major sources of revenue of the Group. Reinforcing its capabilities, the Group will refocus its energies, time and resources on its core strengths to build up its brands and strengthen its performing businesses in manufacturing, wholesale and distribution, and the operation of food courts. The Group will further strengthen its core house brands by exploring new channels of communication to consumers and by expanding its range of product offerings. With the rationalisation of its non-profitable food retail courts, the Group will further develop its core expertise in food court management. In addition, in relation to the "securities and treasury investment" segment, the Group will continue to cautiously manage its investment portfolio with a view to maximising returns to the Shareholders. Amid the volatile market conditions, the Group adopts a cautious and prudent approach in conducting its corporate finance and securities broking business. In view of the business potentials in the healthcare industry in Singapore, the Group considers this is an appropriate time to invest in this field. The Offer provides an opportunity for the Group to diversify the Group's business and is beneficial to the future business direction, management and operations of the Group. The Group will continue to be watchful of market developments and will manage its portfolio with a view to further improving overall asset quality.

1. HEALTHWAY'S PUBLISHED AUDITED FINANCIAL STATEMENTS FOR THE PRECEDING THREE YEARS TOGETHER WITH THE LATEST PUBLISHED UNAUDITED FINANCIAL STATEMENTS OF HEALTHWAY PREPARED UNDER THE GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN SINGAPORE

(i) UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2016

Set out below are the unaudited financial statements of Healthway for the financial year ended 31st December, 2016 as extracted from the announcement made by Healthway on 24th February, 2017, which was prepared in accordance with the generally accepted accounting principles in Singapore.

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

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

	3 months ended			12 months ended		
	31.12.16	**31.12.15**	**Change**	**31.12.16**	**31.12.15**	**Change**
	S$'000	*S$'000*	*%*	*S$'000*	*S$'000*	*%*
Revenue	23,377	23,328	0.2	96,751	94,273	2.6
Other operating income/(loss)	720	(72)	n.m.	1,526	7,856	(80.6)
Medical supplies, consumables and laboratory expenses	(4,512)	(4,829)	(6.6)	(19,217)	(18,995)	1.2
Staff costs	(15,476)	(15,120)	2.4	(61,773)	(59,299)	4.2
Depreciation of property, plant and equipment	(313)	(345)	(9.3)	(1,328)	(1,340)	(0.9)
Amortisation of intangible assets	(243)	(74)	228.4	(296)	(295)	0.3
Other operating expenses	(44,171)	(3,796)	n.m.	(54,671)	(18,426)	196.7
Finance costs	(436)	(321)	35.8	(1,332)	(1,078)	23.6
(Loss)/profit before income tax	(41,054)	(1,229)	n.m.	(40,340)	2,696	n.m.
Income tax credit/(expense)	195	325	n.m.	185	(1,013)	(118.3)
(Loss)/Profit for the period attributable to shareholders	(40,859)	(904)	n.m.	(40,155)	1,683	n.m.
Other comprehensive income/ (loss), net of tax	25	(107)	n.m.	(117)	(582)	(79.9)
Total comprehensive (loss)/ income for the period	(40,834)	(1,011)	n.m.	(40,272)	1,101	n.m.

n.m. denotes not meaningful.

Explanatory notes to the income statement

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

	3 months ended			12 months ended		
	31.12.16	**31.12.15**	**Change**	**31.12.16**	**31.12.15**	**Change**
	S$'000	*S$'000*	*%*	*S$'000*	*S$'000*	*%*
Interest income	(3)	(1)	200.0	(14)	(1,806)	(99.2)
Rental income	(81)	(82)	(1.2)	(324)	(315)	2.9
Gain on disposal of available-for-sale financial assets reclassified from equity	–	–	n.m.	–	(727)	n.m.
Interest expense	436	321	35.8	1,332	1,078	23.6
Allowance/(Reversal) for doubtful trade receivables	646	(441)	n.m.	646	(441)	n.m.
Allowance for doubtful loan and other receivables	36,569	312	n.m.	36,569	4,812	n.m.
Impairment of goodwill	3,000	–	n.m.	3,000	–	n.m.
Bad debts written off	102	–	n.m.	102	–	n.m.
Loss on disposal of property, plant and equipment	–	–	n.m.	23	80	(71.3)
Foreign exchange (gain)/loss	(297)	477	n.m.	738	(262)	n.m.
Operating lease expenses	2,089	2,083	0.3	8,334	8,228	1.3

Statement of comprehensive income

	3 months ended			12 months ended		
	31.12.16	**31.12.15**	**Change**	**31.12.16**	**31.12.15**	**Change**
	S$'000	*S$'000*	*%*	*S$'000*	*S$'000*	*%*
(Loss)/Profit for the period	(40,859)	(904)	4,419.8	(40,155)	1,683	n.m.
Foreign exchange differences	25	(107)	n.m.	(117)	136	n.m.
Change in fair value of available-for-sale financial assets	–	–	n.m.	–	9	n.m.
Change in fair value of available-for-sale financial assets reclassified to profit or loss	–	–	n.m.	–	(727)	n.m.
Other comprehensive income/(loss) for the period, net of tax	25	(107)	n.m.	(117)	(582)	(79.9)
Total comprehensive (loss)/income for the period	(40,834)	(1,011)	3,939.0	(40,272)	1,101	n.m.

n.m. denotes not meaningful.

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

	Group		Company	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Current assets				
Cash and cash equivalents	2,436	2,884	1,368	1,947
Trade and other receivables	67,665	81,341	6,553	10,927
Inventories	2,270	2,290	–	–
Current income tax recoverable	383	–	–	–
	72,754	86,515	7,921	12,874
Non-current assets				
Other receivables	1,186	22,010	–	–
Investments in subsidiaries	–	–	201,106	197,113
Property, plant and equipment	4,999	5,897	–	–
Intangible assets	118,833	121,902	–	66
Deferred tax assets	–	18	–	43
	125,018	149,827	201,106	197,222
Total assets	197,772	236,342	209,027	210,096
Equity				
Share capital	208,214	204,430	208,214	204,430
Treasury shares	–	(3,049)	–	(3,049)
Capital reserve	(2,423)	–	(2,423)	–
Currency translation reserve	718	835	–	–
Accumulated losses	(50,645)	(10,490)	(6,131)	(6,375)
Total equity	155,864	191,726	199,660	195,006
Current liabilities				
Trade and other payables	27,726	24,326	3,737	2,184
Current income tax liabilities	208	1,296	145	328
Borrowings	10,651	12,653	4,282	8,293
	38,585	38,275	8,164	10,805
Non-current liabilities				
Borrowings	3,006	5,984	1,203	4,285
Deferred income tax liabilities	25	–	–	–
Provisions	292	357	–	–
	3,323	6,341	1,203	4,285
Total liabilities	41,908	44,616	9,367	15,090
Total equity and liabilities	197,772	236,342	209,027	210,096

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

	As at 31.12.16		As at 31.12.15	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Amount repayable within one year	8,649	666	9,510	1,855
Amount repayable after one year	1,461	712	3,335	1,378

The secured borrowings of the Group relate to bank loans and bank overdrafts which are secured by the following:

(i) joint and several guarantees from former directors of the Company and subsidiaries;

(ii) time deposits of the Company and a subsidiary;

(iii) corporate guarantee of the Company; and

(iv) personal guarantees from a former substantial shareholder, employees and an ex-employee of the Company.

The Group's borrowings presented above do not include finance lease liabilities. Finance lease liabilities of the Group are repayable as follows:

	As at 31.12.16	**As at 31.12.15**
	S$'000	*S$'000*
Amount repayable within one year	1,336	1,288
Amount repayable after one year	833	1,271

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

	3 months ended		12 months ended	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Cash flows from operating activities				
(Loss)/Profit before income tax	(41,054)	(1,229)	(40,340)	2,696
Adjustments for:				
Amortisation of intangible assets	243	74	296	295
Impairment of goodwill	3,000	–	3,000	–
Gain on disposal of available-for-sale financial assets	–	–	–	(727)
Depreciation of property, plant and equipment	313	345	1,328	1,340
Allowance for doubtful loan and other receivables	36,569	312	36,569	4,812
Loss on disposal of property, plant and equipment	–	–	23	80
Unrealised currency translation (gain)/ loss	(297)	477	738	(262)
Interest expense	436	321	1,332	1,078
Interest income	(3)	(1)	(14)	(1,806)
	(793)	299	2,932	7,506
Changes in working capital:				
Inventories	562	(12)	20	103
Trade and other receivables	2,233	(601)	(1,887)	424
Trade and other payables	(1,297)	397	4,138	3,095
Provision	–	–	–	(9)
Cash generated from operations	706	83	5,203	11,119
Income tax paid	–	(4)	(1,243)	(304)
Net cash generated from operating activities	706	79	3,960	10,815
Cash flows from investing activities				
Addition to property, plant and equipment	(56)	299	(328)	(658)
Addition to intangible assets	–	–	(1)	–
Proceeds from disposal of property, plant and equipment	118	–	118	44
Loan receivables	(309)	(1,037)	(1,309)	(4,961)
Advances to third party – net	757	415	(467)	(5,790)
Proceeds from sale of available-for-sale financial assets	–	–	–	765
Interest received	3	1	14	11
Net cash used in investing activities	513	(322)	(1,973)	(10,589)

	3 months ended		12 months ended	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Cash flows from financing activities				
Proceeds from issuance of shares	–	–	3,999	–
Share issue expenses	–	–	(215)	–
Proceeds from re-issuance of treasury shares	–	–	626	–
Proceeds from borrowings	4,237	6,007	14,160	27,131
Repayment of borrowings	(6,072)	(6,110)	(18,750)	(25,650)
Fixed deposits pledged	(32)	–	(71)	282
Repayment of finance lease liabilities	(407)	(255)	(923)	(902)
Interest paid	(436)	(321)	(1,332)	(1,078)
Net cash used in financing activities	(2,710)	(679)	(2,506)	(217)
Net increase in cash and cash equivalents	(1,491)	(922)	(519)	9
Cash and cash equivalents				
Beginning of financial period	2,017	1,969	1,046	1,037
Effect of exchange rate fluctuations on cash held	1	(1)	–	–
End of financial period	527	1,046	527	1,046

Cash and cash equivalents comprised:

	As at 31.12.16	**As at 31.12.15**
	S$'000	*S$'000*
Deposits with banks	2,436	2,884
Fixed deposits pledged as collaterals	(1,909)	(1,838)
	527	1,046

During the financial year ended 31 December 2016, the Group acquired property, plant and equipment with an aggregate cost of S$860,000 (2015: S$1,330,000), of which S$532,000 (2015: S$672,000) was acquired under finance lease.

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

	Share capital							
	Ordinary shares	Treasury shares	Total	Fair value reserve	Translation reserve	Capital reserve	Retained earnings	Total equity
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Group – Current period								
At 1 January 2016	204,430	(3,049)	201,381	–	835	–	(10,490)	191,726
Profit for the period	–	–	–	–	–	–	704	704
Foreign exchange differences	–	–	–	–	(142)	–	–	(142)
Total comprehensive (loss)/ income for the period	–	–	–	–	(142)	–	704	562
Issue of new shares pursuant to placement	3,999	–	3,999	–	–	–	–	3,999
Share issue expenses	(215)	–	(215)	–	–	–	–	(215)
Treasury shares re-issued	–	3,049	3,049	–	–	(2,423)	–	626
Total contributions by and distributions to owners	3,784	3,049	6,833	–	–	(2,423)	–	4,410
At 30 September 2016	208,214	–	208,214	–	693	(2,423)	(9,786)	196,698
Loss for the period	–	–	–	–	–	–	(40,859)	(40,859)
Foreign exchange differences	–	–	–	–	25	–	–	25
Total comprehensive income/(loss) for the period	–	–	–	–	25	–	(40,859)	(40,834)
At 31 December 2016	208,214	–	208,214	–	718	(2,423)	(50,645)	155,864
Group – Previous period								
At 1 January 2015	204,430	(3,049)	201,381	718	699	–	(12,173)	190,625
Profit for the period	–	–	–	–	–	–	2,587	2,587
Net change in fair value of available-for-sale financial assets	–	–	–	(718)	–	–	–	(718)
Foreign exchange differences	–	–	–	–	243	–	–	243
Total comprehensive (loss)/ income for the period	–	–	–	(718)	243	–	2,587	2,112
At 30 September 2015	204,430	(3,049)	201,381	–	942	–	(9,586)	192,737
Loss for the period	–	–	–	–	–	–	(904)	(904)
Net change in fair value of available-for-sale financial assets	–	–	–	(3,509)	–	–	–	(3,509)
Foreign exchange differences	–	–	–	–	3,402	–	–	3,402
Total comprehensive (loss)/ income for the period	–	–	–	(3,509)	3,402	–	(904)	(1,011)
At 31 December 2015	204,430	(3,049)	201,381	(3,509)	4,344	–	(10,490)	191,726

	Share capital							
	Ordinary shares	Treasury shares	Total	Fair value reserve	Translation reserve	Capital reserve	Retained earnings	Total equity
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Company – Current period								
At 1 January 2016	204,430	(3,049)	201,381	–	–	–	(6,375)	195,006
Profit for the period	–	–	–	–	–	–	241	241
Total comprehensive loss for the period	–	–	–	–	–	–	241	241
Issue of new shares pursuant to placement	3,999	–	3,999	–	–	–	–	3,999
Share issue expenses	(215)	–	(215)	–	–	–	–	(215)
Treasury shares re-issued	–	3,049	3,049	–	–	(2,423)	–	626
Total contributions by and distributions to owners	3,784	3,049	6,833	–	–	(2,423)	–	4,410
At 30 September 2016	208,214	–	208,214	–	–	(2,423)	(6,134)	199,657
Profit for the period	–	–	–	–	–	–	3	3
Total comprehensive loss for the period	–	–	–	–	–	–	3	3
At 31 December 2016	208,214	–	208,214	–	–	(2,423)	(6,131)	199,660
Company – Previous period								
At 1 January 2015	204,430	(3,049)	201,381	718	–	–	(7,900)	194,199
Profit for the period	–	–	–	–	–	–	2,457	2,457
Net change in fair value of available-for-sale financial assets	–	–	–	(718)	–	–	–	(718)
Total comprehensive (loss)/income for the period	–	–	–	(718)	–	–	2,457	1,739
At 30 September 2015	204,430	(3,049)	201,381	–	–	–	(5,443)	195,938
Loss for the period	–	–	–	–	–	–	(932)	(932)
Total comprehensive loss for the period	–	–	–	–	–	–	(932)	(932)
At 31 December 2015	204,430	(3,049)	201,381	–	–	–	(6,375)	195,006

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

Ordinary shares

	Number of shares	Amount
		S$'000
Ordinary shares excluding treasury shares as at 30 September 2016 and 31 December 2016	2,460,234,183	208,214

Convertibles

The Company did not have any outstanding convertibles as at 31 December 2016 and 31 December 2015.

Treasury shares

The Company did not have any treasury shares as at 31 December 2016 (31 December 2015: 18,698,000).

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

	As at 31.12.16	As at 31.12.15
Total number of issued shares excluding treasury shares	2,460,234,183	2,308,236,183

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

Not applicable. There were no sales, transfers, disposals, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

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

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

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

Not applicable.

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

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

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

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current financial year compared with the audited financial statements as at 31 December 2015, except for the adoption of the Financial Reporting Standards (FRS) and Interpretation of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2016. The adoption of these new FRS and INT FRS has no significant impact on the financial statements for the current and prior reporting periods.

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

	3 months ended		**12 months ended**	
	31.12.16	**31.12.15**	**31.12.16**	**31.12.15**
Basic and diluted (loss)/earnings per ordinary share (Singapore cents)	(1.66)	(0.04)	(1.71)	0.07

Basic and diluted (loss)/earnings per share of the Group for the 3 months and 12 months ended 31 December 2016 are calculated based on the weighted average number of ordinary shares in issue of 2,460,234,183 and 2,353,081,850 respectively (3 months and 12 months ended 31 December 2015: 2,308,236,183).

There were no potentially dilutive ordinary shares in existence as at 31 December 2016 and 31 December 2015, and accordingly, basic (loss)/earnings per ordinary share and diluted (loss)/earnings per ordinary share were the same for the respective periods.

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: –

a) current financial period reported on; and
b) immediately preceding financial year.

	Group		Company	
	As at 31.12.16	As at 31.12.15	As at 31.12.16	As at 31.12.15
Net asset value per ordinary share based on total number of issued shares, excluding treasury shares (Singapore cents)	6.34	8.31	8.12	8.45

The net asset value per ordinary share of the Group and the Company as at 31 December 2016 were calculated based on the total number of issued shares, excluding treasury shares, of 2,460,234,183 (31 December 2015: 2,308,236,183).

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

a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Review of performance

The Group's turnover for the financial year ended 31 December 2016 ("FY2016") was S$96.8 million, an increase of S$2.5 million or 2.6% from S$94.3 million for the financial year ended 31 December 2015 ("FY2015"). The increase was mainly due to the increase in revenue of S$3.0 million from the Specialist & Wellness Healthcare segment (through greater patient load), offset by decrease in Primary Healthcare segment of S$0.5 million.

The Group's other operating income decreased by S$6.3 million or 80.6% from S$7.8 million for FY2015 to S$1.5 million for FY2016. This was mainly due to absence in FY2016 of S$0.7 million on disposal of available-for-sale financial assets, as well as absence in FY2016 of FY2015's S$1.8 million interest income due to the discontinuation of interest charge in relation to a loan receivable, management fee of S$0.9 million and S$3.3 million for the recovery of staff costs for secondment fees, from Healthway Medical Enterprises Pte. Ltd. ("HME" or "Party A"), an incubator of medical clinics in Singapore owned by an unrelated third party and managed by the Company.

Total operating costs of the Group, which included medical supplies, consumables and laboratory expenses, staff costs, depreciation of property, plant and equipment, amortisation of intangible assets, other operating expenses (which includes allowance for doubtful trade, loan and other receivables) and finance costs, increased by S$39.2 million or 39.4% from S$99.4 million for FY2015 to S$138.6 million for FY2016. The increase was mainly attributable to higher allowance for doubtful loan, trade and other receivables of S$32.8 million, allowance for impairment of goodwill of S$3.0m, higher staff costs of S$2.5 million, as well as higher finance cost of S$0.3 million due to loans undertaken in FY2016 for working capital purposes at higher interest rates. Further details in relation to the allowance for doubtful loan trade and other receivables and allowance for impairment of goodwill are elaborated on page 12 of this announcement.

The Group's net loss before income tax was S$40.3 million for FY2016 as compared to a net profit before income tax of S$2.7 million for FY2015, with the net loss attributable to shareholders after tax at S$40.2 million for FY2016 as compared to a net profit attributable to shareholders at S$1.7 million for FY2015. Total comprehensive loss for FY2016 was S$40.3 million, as compared to total comprehensive profit of S$1.1 million for FY2015.

Disregarding (i) allowances for doubtful, loan and other receivables and impairment of goodwill amounting to an aggregate of S$40.2 million for FY2016 (FY2015: S$4.4 million (net)); (ii) other operating income from HME (as mentioned in paragraph 2 on page 11) amounting to S$6.0 million in FY2015 (FY2016: nil); and (iii) gain on disposal of available-for-sale financial assets reclassified from equity of S$0.7 million in FY2015 (FY2016: nil), the Group's net profit before income tax would have been S$0.1 million (FY2015: net profit before income tax of S$0.3 million) and net profit attributable to shareholders would have been S$0.1 million (FY2015: net loss attributable to shareholders of S$0.7 million).

Financial position

Non-current assets (comprising other receivables, property, plant and equipment, intangible assets and deferred tax assets) were S$125.0 million as at 31 December 2016, representing a decrease of S$24.8 million from S$149.8 million as at 31 December 2015. This was mainly due to a decrease in property, plant and equipment of S$0.9 million, a decrease in intangible assets of S$3.1 million mainly due to allowance for impairment of goodwill of S$3.0 million in FY2016, a decrease in trade and other receivables of S$20.8 million as a result of allowance for doubtful loan receivables of S$21.6m for loan receivables from medical centres in China owned by an unrelated third party ("Wei Yi Shi Ye Co. Ltd." or "Wei Yi" or "Party B") and managed by the Group. Wei Yi is a company incorporated in China that owns medical centres that provides healthcare services in China. The loan receivables from Party B are a result of the funding and the provision of management and related services provided by the Group to these medical centres in China, and are intended to enable the Group to achieve its objective of expanding its medical practice footprint in China.

The allowance for doubtful loan receivables from Party B amounting to S$21.6 million is largely due to a change in circumstances in FY2016. In FY2015, the owner of Party B received a Letter of Intent from a third party to acquire the shares of Party B, the sales proceeds of which were intended to be utilised for the settlement of the loan receivables due from Party B to the Group. As such, in FY2015, Management had assessed the loan receivables form Party B to be recoverable, save for a S$1.8 million impairment made in relation thereto in FY2015. In the current financial year, Management was informed by the owner of Party B that negotiations with the third party had not progressed further since the signing of the aforementioned Letter of Intent. Given the current uncertainty surrounding the recovery of this loan, Management has made a full allowance of impairment on this loan during the current financial year. Management will continue to pursue all avenues available to recover this loan.

The goodwill impairment of S$3.0 million was also made for the dentistry business unit as a result of less than satisfactory performance for FY2016. The net present value of future cash flows of the business has been used to determine the recoverable amounts of these assets.

Current assets (comprising cash and cash equivalents, trade and other receivables, inventories and current income tax recoverable) were S$72.8 million as at 31 December 2016. This was S$13.7 million lower than S$86.5 million as at 31 December 2015. The decrease was mainly due to an allowance of doubtful loan and other receivables of S$15.0 million in relation to a loan receivable from Party A, as well as a decrease in cash and cash equivalents of S$0.4 million, offset by an increase in current income tax recoverable of S$0.4 million.

The allowance for doubtful loan and other receivables of S$15.0 million from Party A is mainly due to the challenging operating environment in Singapore which resulted in an increase in operating costs and an overall underperformance in the results of Party A's clinics for the current financial year. The Group will continue to pursue all avenues available for the recovery of the outstanding loan and other receivables.

Non-current liabilities (comprising borrowings and provisions) were S$3.3 million as at 31 December 2016, a decrease of S$3.0 million from S$6.3 million as at 31 December 2015. This was mainly due to repayment of borrowings in FY2016.

Current liabilities (comprising trade and other payables, current income tax liabilities and borrowings) were S$38.6 million as at 31 December 2016, an increase of S$0.3 million from S$38.3 million as at 31 December 2015. This was mainly due to an increase in trade and other payables of S$3.4 million which was in line with the increase in operating costs, offset by a decrease in borrowings of S$2.0 million as a result of repayment of borrowings in FY2016, as well as a decrease in income tax liabilities of S$1.1 million mainly as a result of lower taxable profits in FY2016.

The Group had a positive working capital of S$34.2 million as at 31 December 2016, as compared to $48.2 million as at 31 December 2015.

Cash flow statement

As at 31 December 2016, the Group had cash and cash equivalents amounting to S$0.5 million, net of fixed deposits pledged of S$1.9 million, as compared to cash and cash equivalents amounting to S$1.0 million, net of fixed deposits pledged of S$1.8 million as at 31 December 2015.

The significant cash movements during FY2016 as compared to FY2015 can be summarised as follows: –

Cash flow generated from operating activities for FY2016 amounted to S$4.0 million as compared to S$10.8 million for FY2015. The cash flow generated from operating activities for FY2016 was a result of operating profit before changes in working capital of S$2.9 million, adjusted for net working capital inflow of S$2.3 million and income tax payment of S$1.2 million. The net working capital inflow was mainly due to increase in trade and other payables of S$4.1 million, offset by increase in trade and other receivables of S$1.9 million.

Cash flow used in investing activities for FY2016 was S$2.0 million as compared to S$10.6 million for FY2015. The cash flow used in investing activities for FY2016 was mainly due to increase in loan receivables of S$1.3 million from Party B's medical centres in China and net advances to HME's clinics managed by the Group of S$0.5 million, purchase of property, plant and equipment of S$0.3 million, offset by proceeds from disposal of property, plant and equipment of S$0.1 million. The Group's continued funding to Party B has been largely driven by the Group's intent to expand into the China market and to facilitate the continued operations of the medical centers in China in order to preserve the value of relevant licenses. The Group's continued funding to HME is on the back of a multiplicity of strategic and commercial factors including the Group's intent to acquire HME, as further elaborated in paragraph 10 of this announcement.

Cash flow used in financing activities for FY2016 was S$2.5 million as compared to S$0.2 million for FY2015. The cash flow used in financing activities in FY2016 was mainly due to S$3.8 million net proceeds raised from the issuance of shares pursuant to a placement exercise, proceeds from re-issuance of treasury shares of S$0.6 million, and S$14.2 million of loans undertaken for working capital purposes, offset by interest paid of S$1.3 million, repayment of borrowings of S$18.8 million, as well as repayment of finance lease liabilities of S$0.9 million.

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

The Company issued a profit warning on 15 February 2017 in relation to the unaudited consolidated financial results of the Group for the fourth quarter and financial year ended 31 December 2016. The expected net loss in the aforementioned announcement is in line with the actual unaudited results. Further explanations in relation to the significant impairment of certain receivables, as well as goodwill, are elaborated in section 8 of this announcement.

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

On 7 February 2017, an announcement in relation to a voluntary conditional cash offer was made by RHB Securities Singapore Pte. Ltd. for and on behalf of Gentle Care Pte. Ltd. ("Offeror"), an indirect wholly-owned subsidiary of Lippo Limited, to acquire all the issued and paid-up ordinary shares in the capital of the Company ("Shares"), including all Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror ("Offer") ("Offer Announcement").

In relation to the subscription agreement dated 16 January 2017 between GW Active Limited ("Subscriber") and the Company ("Subscription Agreement") for, *inter alia*, the subscription and issuance of S$10 million in convertible notes ("CN A") and S$60 million in non-convertible notes ("NCN"), (collectively, the "Initial Notes"), the Company had on 24 February 2017, announced the fulfilment and/or waiver of the conditions for the Subscriber to subscribe for and the Company to issue the Initial Notes on 9 March 2017, subject to fulfilment and/or waiver of certain further conditions. The Initial Notes can be exchanged for fully convertible notes ("CN B") with a maturity of 5 years from the issue date of the Initial Notes. The issuance of CN B is subject to the approval of shareholders of the Company at an extraordinary general meeting to be convened. The CN B bears no coupon and is redeemable at the maturity date in cash at a Redemption Premium of 6% internal rate of return on the principal amount of CN B.

The Subscription Agreement contains change of control redemption clauses ("Change of Control Redemption Clauses" which provide that in the event that (a) "*any offer by any person other than the Subscriber becoming unconditional in all respects*" ("CoC Event A") or (b) any person (other than the Subscriber or the existing controlling shareholder of the Company) and their respective concert parties, holds more than 25% of the voting rights of the Company ("CoC Event B"), the Company shall redeem all outstanding Initial Notes at its Maturity Redemption Price within 30 business days after the occurrence of the event ("Change of Control Redemption").

In view of the Offer and the Change of Control Redemption Clauses, the Board wishes to highlight to Shareholders that assuming that the Initial Notes have been issued at or prior to the time the Offer becomes unconditional in all respects (if and when it occurs) ("Unconditional Date"), CoC Event A will occur and the Company will incur an obligation of Change of Control Redemption to redeem the Initial Notes by repaying the outstanding principal amount, accrued and accruable interest and redemption premium in accordance with the terms of the Initial Notes.

For the avoidance of doubt, assuming that the Offeror (which currently already holds more than 15% interest in the Company) remains a controlling shareholder of the Company as at the proposed issuance of the Initial Notes to the Subscriber on 9 March 2017, CoC Event B does not apply in the event that the Offeror, whether singly or together with its concert parties, increases its the voting rights in the Company to more than 25% (and no Change of Control Redemption be incurred as a result) because the Offeror would already be an existing controlling shareholder of the Company at the time of the issuance of the Initial Notes.

The Board, taking into consideration the current uncertainty as to whether CoC Event A or the Change of Control Redemption would occur and on the assumption that the Initial Notes have been issued, is of the view that the Company is likely to be able to continue as a going concern albeit up to the Unconditional Date.

The Board will reassess the Company's ability to continue as a going concern as and when the Offer becomes unconditional, and will keep Shareholders updated as and when there are any material updates in relation to the aforementioned.

The Board will also approach and engage the Offeror as well as the Subscriber in relation to the Change of Control Redemption at the appropriate juncture.

The Board wishes to assure Shareholders that it has been using and will continue to use its best efforts to ensure that the Company remains as a going concern.

The Company also had, on 30 December 2016, announced the extension of a pre-existing option to acquire HME ("Option") to 31 March 2017 ("Extension"). The Board is of the view that the acquisition of HME is in the best interests of the Group, after taking into consideration, among others, the positive EBITDA and operating cash flows generated for the unaudited 12 months up to 31 December 2016 of the companies currently owned by HME and the ability of the Company to recover about 75% of the outstanding loan and other receivables, Further, HME, being an incubator of medical practices in Singapore with promising potential, will be synergistic with the Group's existing businesses and is expected to contribute to the Group's earnings base. The Group will comply with the Code and will seek the necessary approvals for the acquisition of HME, including the approval of shareholders of the Company, if required, in due course. Deposits, aggregating to S$3.54 million, have been made in June 2013 (S$1.1 million) and November 2014 (S$2.44 million) to facilitate extensions of the Option. The parties to the proposed acquisition of HME are currently in negotiations on the terms of the proposed acquisition, which includes the offsetting of such deposits against the agreed upon purchase consideration of HME. Based on current negotiations, the Company does not expect any further material cash outlay to undertake the acquisition of HME.

11. If a decision regarding dividend has been made:

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

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

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

Not applicable.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Book closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividends have been declared or recommended for the current financial period reported on.

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

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

There were no IPTs of S$100,000 or more entered into by the Group during FY2016.

14. Use of Proceeds

The net proceeds from the placement, which was completed on 27 September 2016, was approximately S$3,750,000 (after deducting expenses pertaining to the Placement of approximately S$249,000) ("Net Proceeds"). The Net Proceeds have been fully utilised on 25 October 2016 as follows:

Intended Purposes	**Amount utilised** *(S$)*	**Amount unutilised** *(S$)*
Working Capital[(1)]	1,687,500	–
Expansionary Plan in Singapore	2,062,500	–
Total	3,750,000	–

Notes:

(1) Utilised mainly for payment of salaries and loans repayments.

The above utilisations are in accordance with the intended purposes as stated in the Company's announcement dated 29 August 2016.

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

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

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. The CODM considers the business from both a geographical and business segment perspective and regularly reviews internal management reports for each of the business units.

Business Segments

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

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

- Specialist & Wellness Healthcare which comprise paediatrics, orthopaedics, aesthetic medicine, obstetrics and gynaecology.

Major Customer

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

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

	Singapore		**China**	
	Primary Healthcare	**Specialist & Wellness Healthcare**	**Specialist & Wellness Healthcare**	**Total**
	S$'000	*S$'000*	*S$'000*	*S$'000*
2016				
Sales				
Total segment sales and sales to external parties	50,032	46,657	62	96,751
EBITDA	(18,456)	3,772	(22,714)	(37,398)
Depreciation of property, plant and equipment	625	699	4	1,328
Amortisation of intangible assets	291	–	5	296
Segment assets	118,926	76,473	72	195,471
Segment assets includes:				
– Additions to property, plant and equipment	317	544	–	861
Segment liabilities	15,512	12,075	432	28,019

	Singapore		China	
	Primary Healthcare	Specialist & Wellness Healthcare	Specialist & Wellness Healthcare	Total
	S$'000	*S$'000*	*S$'000*	*S$'000*
2015				
Sales				
Total segment sales and sales to external parties	50,596	43,420	257	94,273
EBITDA	1,088	4,289	(1,774)	3,603
Less: Net gain on disposal of available-for-sale financial asset	(727)	–	–	(727)
Adjusted EBITDA	361	4,289	(1,774)	2,876
Depreciation of property, plant and equipment	604	731	5	1,340
Amortisation of intangible assets	290	–	5	295
Segment assets	137,934	75,452	21,089	234,475
Segment assets includes:				
– Additions to property, plant and equipment	1,237	93	–	1,330
Segment liabilities	14,533	9,714	436	24,683

(a) Reconciliation

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

	Group	
	2016	**2015**
	S$'000	*S$'000*
EBITDA for reportable segments	(37,398)	2,876
Gain on disposal of available-for-sale financial assets	–	727
Depreciation	(1,328)	(1,340)
Amortisation	(296)	(295)
Interest income	14	1,806
Finance expenses	(1,332)	(1,078)
(Loss)/Profit before income tax	(40,340)	2,696

Geographical information

The Group predominantly operates in Singapore and China.

(b) Geographical information

	Sales for continuing operations	
	2016	**2015**
	S\$'000	*S\$'000*
Singapore	96,689	94,016
China	62	257
	96,751	94,273

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

Performance by business segment

For FY2016, Primary healthcare segment continues to contribute a higher proportion to the Group's revenue compared to Specialist and Wellness segment. Revenue for Specialist and Wellness segment had increased by 7.5% over the same period mainly as a result of the increase in patient load.

The CODM assesses the performance of the operating segments based on a measure of Earnings before interest, tax, depreciation and amortisation ("EBITDA") for continuing operations. The EBITDA for the Specialist and Wellness segment and Primary Healthcare segment had decreased by S\$21.5 million and S\$18.8 million in FY2016 respectively. The overall decrease for Specialist and Wellness segment was mainly due to an allowance for doubtful loan receivables of S\$21.6 million for loan receivables from medical centres in China owned by Party B and managed by the Group. The overall decrease for Primary Healthcare segment was mainly due to an allowance of doubtful loan and other receivables of S\$15.0 million in relation to a loan receivable from Party A, as well as an impairment loss on goodwill of S\$3.0m.

Performance by geographical segment

There are no significant changes in the contribution to the Group's revenue by Singapore and China operations in FY2016 as compared to FY2015. Revenue from Singapore operations improved by S\$2.7 million year-on-year mainly due to increase in revenue from Specialist and Wellness segment by S\$3.2 million, offset by a decrease from Primary Healthcare segment by S\$0.5 million. The increase in revenue was mainly due to increase in patient load for Specialist & Wellness Healthcare segment.

17. A breakdown of sales.

Breakdown of sales

	Group		
	2016	**2015**	**Change**
	S\$'000	*S\$'000*	*%*
Sales reported for first half-year	47,888	47,738	0.3
Profit reported for first half-year	635	5,566	(88.6)
Sales reported for second half-year	48,863	46,535	5.0
Loss reported for second half-year	(40,790)	(3,883)	n.m.

n.m. denotes not meaningful.

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

Not applicable.

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

Pursuant to Rule 704(10) of the Catalist Rules, there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company as at 31 December 2016.

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

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

(ii) AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2015

Set out below are the audited financial statements of Healthway for the financial year ended 31st December, 2015 as extracted from the published annual report of Healthway for the financial year ended 31st December, 2015, which was prepared in accordance with the generally accepted accounting principles in Singapore. These financial statements were presented in thousands S$ except for per share amounts and as otherwise stated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	Note	**2015** *$'000*	**2014** *$'000*
Revenue	*4*	94,273	85,666
Other income	*5*	6,867	7,775
Other gains	*6*	989	13,332
Expenses			
– Medical supplies and consumables used		(15,170)	(11,492)
– Laboratory and related expenses		(3,825)	(6,534)
– Staff costs	*7*	(59,299)	(56,329)
– Depreciation of property, plant and equipment	*16*	(1,340)	(1,352)
– Amortisation of intangible assets	*17*	(295)	(292)
– Rental on operating leases		(8,228)	(8,500)
– Allowance for doubtful trade and other receivables	*26(b)*	(4,812)	(5,164)
– Reversal of allowance for doubtful trade and other receivables	*26(b)*	441	–
– Finance expenses	*8*	(1,078)	(1,150)
– Other expenses		(5,827)	(6,027)
Total expenses		(99,433)	(96,840)
Profit before income tax		2,696	9,933
Income tax expense	*9(a)*	(1,013)	(93)
Total profit		1,683	9,840
Other comprehensive losses:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– Fair value gains/(losses)	*24*	9	(5,020)
– Reclassification	*24*	(727)	(13,038)
		(718)	(18,058)
Currency translation gains arising from consolidation		136	75
Other comprehensive losses, net of tax		(582)	(17,983)
Total comprehensive income/(losses)		1,101	(8,143)
Profit attributable to:			
Equity holders of the Company		1,683	9,840
Total comprehensive income/(losses) attributable to:			
Equity holders of the Company		1,101	(8,143)
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic and diluted earnings per share	*10*	0.07	0.43

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

BALANCE SHEET – GROUP AND COMPANY

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Current assets					
Cash and bank balances	11	2,884	3,157	1,947	1,936
Trade and other receivables	12	81,341	75,260	10,927	6,352
Inventories	13	2,290	2,393	–	–
Available-for-sale financial assets	14	–	756	–	756
		86,515	81,566	12,874	9,044
Non-current assets					
Other receivables	12	22,010	20,358	–	–
Investments in subsidiaries	15	–	–	197,113	196,970
Property, plant and equipment	16	5,897	6,031	–	–
Intangible assets	17	121,902	122,197	66	355
Deferred tax assets	22	18	–	43	–
		149,827	148,586	197,222	197,325
Total assets		236,342	230,152	210,096	206,369
LIABILITIES					
Current liabilities					
Trade and other payables	18	24,326	22,413	2,184	1,121
Current income tax liabilities	9(b)	1,296	365	328	101
Borrowings	19	12,653	12,431	8,293	9,410
		38,275	35,209	10,805	10,632
Non-current liabilities					
Borrowings	19	5,984	3,748	4,285	1,538
Deferred income tax liabilities	22	–	204	–	–
Provisions	21	357	366	–	–
		6,341	4,318	4,285	1,538
Total liabilities		44,616	39,527	15,090	12,170
NET ASSETS		191,726	190,625	195,006	194,199
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	204,430	204,430	204,430	204,430
Treasury shares	23	(3,049)	(3,049)	(3,049)	(3,049)
Fair value reserve	24	–	718	–	718
Currency translation reserve		835	699	–	–
Accumulated losses		(10,490)	(12,173)	(6,375)	(7,900)
Total equity		191,726	190,625	195,006	194,199

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

	Share capital	Treasury shares	Fair value reserve	Currency translation reserve	Accumulated losses	Total equity
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
2015						
Beginning of financial year	204,430	(3,049)	718	699	(12,173)	190,625
Profit for the year	–	–	–	–	1,683	1,683
Other comprehensive losses for the year	–	–	(718)	136	–	(582)
End of financial year	204,430	(3,049)	–	835	(10,490)	191,726
2014						
Beginning of financial year	204,430	(3,049)	18,776	624	(22,013)	198,768
Profit for the year	–	–	–	–	9,840	9,840
Other comprehensive losses for the year	–	–	(18,058)	75	–	(17,983)
End of financial year	204,430	(3,049)	718	699	(12,173)	190,625

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	Note	**2015** *$'000*	**2014** *$'000*
Cash flows from operating activities			
(Loss)/profit before income tax		2,696	9,933
Adjustments for:			
– Depreciation of property, plant and equipment	*16*	1,340	1,352
– Amortisation of intangible assets	*17*	295	292
– Loss on disposal of property, plant and equipment		80	532
– Allowance for doubtful trade and other receivables		4,812	4,527
– Interest expense	*8*	1,078	1,150
– Interest income	*5*	(1,806)	(1,738)
– Gain on disposal of available-for-sale financial assets	*6*	(727)	(13,038)
– Unrealised currency translation (gains)/losses		(262)	75
		7,506	3,085
Change in working capital:			
– Inventories		103	385
– Trade and other receivables		424	(3,016)
– Trade and other payables		3,095	3,777
– Provisions		(9)	(34)
Cash generated from operations		11,119	4,197
Income tax paid		(304)	(559)
Net cash provided by operating activities		10,815	3,638
Cash flows from investing activities			
Additions to property, plant and equipment		(658)	(1,943)
Additions of intangible assets		–	(14)
Proceeds on disposal of property, plant and equipment		44	639
Loans to party A and B		(4,961)	(26,089)
Proceeds from sale of available-for-sale financial asset		765	19,019
(Advances to)/receipts from party A and B – net		(5,790)	5,218
Advances to non-related party – net		–	(613)
Interest received		11	1,738
Net cash used in investing activities		(10,589)	(2,045)
Cash flows from financing activities			
Fixed deposits pledged		282	(6)
Proceeds from borrowings		27,131	16,293
Repayment of borrowings		(25,650)	(16,548)
Repayment of finance lease liabilities		(902)	(698)
Interest paid		(1,078)	(1,150)
Net cash used in financing activities		(217)	(2,109)
Net increase/(decrease) in cash and cash equivalents		9	(516)
Cash and cash equivalents			
Beginning of financial year	*11*	1,037	1,553
Effects of currency translation on cash and cash equivalents		–*	–*
End of financial year	*11*	1,046	1,037

* Less than $1,000

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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 2 Leng Kee Road, #06-07 Thye Hong Centre, Singapore 159086.

The principal activities of the Company are those of an investment holding company and to carry on the business of healthcare management. The principal activities of its subsidiaries are set out in Note 15.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 108 Operating segments

The Group has adopted the above amendment to FRS108 on 1 January 2015. The amendment is applicable for annual periods beginning on or after 1 July 2014. It sets out the required disclosures on the judgements made by management in aggregating operating segments. This includes description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to entity's assets when segment assets are reported.

The Group has included the additional required disclosures in Note 28 of the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Provision of medical services

Revenue from the provision of medical services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised over the period when the services are performed, typically within twelve months from the date of the transaction. Deferred revenue is recognised on the balance sheet when cash is collected upfront for services which have yet to be rendered.

(b) Management and administrative fees

Management and administrative fees are recognised when the services are rendered and where it is probable that the benefits will flow to the Group.

(c) 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.

(d) Interest income

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

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) Disposals

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

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

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

(b) Transactions with non-controlling interests

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

2.4 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 2.6 on borrowing costs). The projected cost of restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Depreciation

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

	Useful lives
Leasehold improvements	2 to 10 years
Medical equipment	5 to 10 years
Computers	1 to 3 years
Furniture and fittings	5 to 10 years
Office equipment	5 to 10 years
Signboards	2 to 10 years

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 within "other gains".

2.5 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 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 acquisition of subsidiaries and businesses prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(b) Acquired brand name

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

(c) Acquired computer software licences

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

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

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

2.6 Borrowing costs

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

2.7 Investments in subsidiaries

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

2.8 Impairment of non-financial assets

(a) Goodwill and brand name

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

For the purpose of impairment testing of goodwill and brand name, goodwill and brand name 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 brand name, 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 name allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

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

(b) Intangible assets
Property, plant and equipment
Investments in subsidiaries

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

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

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

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

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

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

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents" (Note 11) and "trade and other receivables" (Note 12) on the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

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 disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of certain subsidiaries and party A. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries and party A fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' and party A's borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.12 Borrowings

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

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

2.13 Trade and other payables

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

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

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.15 Leases

(a) When the Group is the lessee:

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

(i) Lessee – Finance leases

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

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

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

(ii) Lessee – Operating leases

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

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

(b) When the Group is the lessor (operating leases):

(i) Lessor – Operating leases

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

Leases of commercial and office premises to non-related parties where the Group has leased under operating leases (Note 2.15(a)(ii)) are classified as operating leases. Rental income from these operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

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

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

2.16 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.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

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

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

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

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.

2.18 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.

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

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

2.19 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.

2.20 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".

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.

(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.

2.21 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.

2.22 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 bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. 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.

2.23 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.

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.

2.24 Dividends to Company's shareholders

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

2.25 Government grants

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) Use of indefinite lived assumption on brand name

Brand name arises from the acquisition of subsidiaries in 2006 and 2008. In the assessment of the useful life of the brand name, management has performed an analysis on the relevant factors including the strength and durability of the brand in the industry. Management has also considered the stability and profitability of the market sectors that are of similar risk profiles that the brand relates to. Further, management considers that its size and market shares mean that the risk of market-related factors causing a reduction in the life of the brand name is considered to be relatively low. The Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factor which could limit its useful life. Based on the mentioned factors, management concludes that there is no foreseeable limit to the period over which the brand name is expected to generate net cash inflows for the Group and hence, brand name is not amortised.

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

(b) Estimated impairment of non-financial assets

Goodwill and brand name with indefinite useful life are tested for impairment annually and whenever there is indication that they may be impaired. Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating units (CGU) have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 17).

If the estimated revenue growth rate had been 10% lower than management's estimates at 31 December 2015, there would be no impairment required.

(c) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

As at 31 December 2015, the carrying amounts of the Group's loans and receivables are disclosed in Note 12. Management is of the view that the allowance for impairment loss recorded is adequate and no further allowance required.

4. REVENUE

	Group 2015	2014
	$'000	*$'000*
Medical services	93,116	84,217
Management and administrative fees	1,157	1,449
	94,273	85,666

5. OTHER INCOME

	Group 2015	2014
	$'000	*$'000*
Interest income		
– Bank deposits	11	6
– Loan receivable	1,795	1,732
	1,806	1,738
Recovery of staff cost	3,303	4,405
Rental income	315	456
Rental of medical equipment	389	383
Government grant income		
– Wage Credit Scheme	384	263
– Special Employment Credit	121	97
Others	549	433
	6,867	7,775

6. OTHER GAINS

	Group 2015	2014
	$'000	*$'000*
Reclassification from other comprehensive income on disposal of available-for-sale financial assets *(Note 24)*	727	13,038
Foreign exchange gain	262	294
	989	13,332

7. STAFF COSTS

	Group 2015 $'000	2014 $'000
Wages and salaries	56,215	53,819
Employer's contribution to defined contribution plans including Central Provident Fund	3,084	2,510
	59,299	56,329

8. FINANCE EXPENSES

	Group 2015 $'000	2014 $'000
Interest expense		
– Bank borrowings	964	1,052
– Finance lease liabilities	114	98
	1,078	1,150

9. INCOME TAXES

(a) Income tax expense

	Group 2015 $'000	2014 $'000
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax	1,326	514
Deferred income tax *(Note 22)*	(268)	–
	1,058	514
– Under/(over) provision in prior financial years:		
Current income tax	(91)	(421)
Deferred income tax *(Note 22)*	46	–
	1,013	93

	Group 2015	Group 2014
	$'000	*$'000*
Profit before income tax	2,696	9,933
Tax calculated at tax rate of 17% (2014: 17%)	458	1,689
Effects of:		
– over provision in prior years	(45)	(421)
– expenses not deductible for tax purposes	1,103	1,045
– statutory stepped income exemption	(194)	(168)
– corporate income tax rebate	(124)	(84)
– income not subject to tax	(126)	(2,170)
– tax losses not recognised	53	106
– utilisation of previously unrecognised tax losses	(15)	–
– others	(97)	96
Tax charge	1,013	93

Corporate Income Tax (CIT) rebate was introduced by the Minister for Finance of Singapore in the Singapore Budget 2013 and updated in the Singapore Budget 2015. The CIT rebate is applicable to the Group and the Company from 1 January 2012 for a period of 5 years. The CIT rebate allows the Group and the Company to receive a 30% rebate on its tax payable subject to a maximum rebate of $20,000 and $30,000 for the financial years ended 31 December 2015 and 31 December 2014 respectively.

(b) Movement in current income tax liabilities

	Group 2015	Group 2014	Company 2015	Company 2014
	$'000	*$'000*	*$'000*	*$'000*
Beginning of financial year	365	831	101	695
Income tax paid	(304)	(559)	(162)	(173)
Tax expense	1,326	514	371	–
(Over)/under provision in prior financial years	(91)	(421)	18	(421)
End of financial year	1,296	365	328	101

10. EARNINGS PER SHARE

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

	Group	
	2015	2014
Net profit attributable to equity holders of the Company ($'000)	1,683	9,840
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,308,236	2,308,236
Basic earnings per share (cents per share)	0.07	0.43

Diluted earnings per share for the year ended 31 December 2015 and 31 December 2014 are computed on the same basis as basic earnings per share as there were no options and warrants granted and there were no other potential ordinary shares outstanding.

11. CASH AND BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	$'000	*$'000*	*$'000*	*$'000*
Cash at bank and on hand	1,035	1,027	646	351
Short-term bank deposits	1,849	2,130	1,301	1,585
	2,884	3,157	1,947	1,936

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

	Group	
	2015	2014
	$'000	*$'000*
Cash and bank balances (as above)	2,884	3,157
Less: Bank deposits pledged as collateral for banking facilities	(1,838)	(2,120)
Cash and cash equivalents per consolidated statement of cash flows	1,046	1,037

The weighted average effective interest rates relating to cash and cash equivalents, at the balance sheet date for the Group and Company are 0.50% (2014: 0.20%) and 0.63% (2014: 0.21%) respectively. Interest rates reprice at intervals of one month.

Bank deposits are pledged as security for certain borrowings (Note 19).

12. TRADE AND OTHER RECEIVABLES

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Current				
Trade receivables	12,226	12,146	–	–
Unbilled receivables	2,193	1,772	–	–
	14,419	13,918	–	–
Allowance for impairment loss	(3,533)	(3,974)	–	–
Net receivables	10,886	9,944	–	–
Other receivables – non-related companies	1,634	1,074	10	8
Allowance for impairment loss	(746)	(746)	–	–
	888	328	10	8
Other receivables – non-related party *(Note (a))*	4,527	4,527	4,527	4,527
Allowance for impairment loss	(4,527)	(4,527)	(4,527)	(4,527)
	–	–	–	–
Amounts due from party A *(Note (b))*				
– Loan receivable	57,000	55,000	–	–
– Trade and other receivables	10,291	4,702	7,367	2,793
– Allowance for impairment loss	(3,000)	–	–	–
	64,291	59,702	7,367	2,793
Deposits	4,737	4,808	3,540	3,540
Prepayments	539	478	10	11
	81,341	75,260	10,927	6,352
Non-current				
Amounts due from party B *(Note (c))*				
– Loan receivable	35,812	32,589	–	–
– Allowance for impairment loss	(14,812)	(13,000)	–	–
	21,000	19,589	–	–
Deposits	1,010	769	–	–
	22,010	20,358	–	–

The fair values of non-current deposits and loan receivables carried at amortised cost approximate their carrying amounts.

(a) As at 31 December 2014, the amount was disclosed as an amount due from a related party. The related party refers to Healthway Medical Development (Private) Limited ("HMD"), in which the Group holds a 14% equity interest, and a company owned by a director of the Group was a shareholder of HMD. During the financial year ended 31 December 2015, the director resigned and as such HMD is no longer a related party of the Group as at 31 December 2015. Other receivables from a non-related party (2014: related party) are unsecured, interest-free and repayable on demand. An aggregate impairment loss of nil (2014: $4,527,000) was recognised during the financial year in profit or loss as the non-related party was in capital deficiency position.

(b) Amounts due from party A

The loan receivable is made to a company that owns medical clinics in Singapore for the development, setup and operations of these medical clinics. This loan is denominated in Singapore dollars and is unsecured. At the balance sheet date, the loan bears a floating interest rate of 4.25% per annum (2014: 4.25%) based on DBS Bank Ltd's prime rate, adjusted on an annual basis. Interest income received by the Group during the financial year on this loan amounted to $1,795,000 (2014: $1,732,000). The loan is repayable in full on 30 June 2016. As at date of these financial statements, the Group is considering exercising its right to acquire these medical clinics through the conversion of this loan to form part of the purchase consideration, at a price to be agreed. During the financial year, the Group extended the existing loan by an additional $2,000,000 (2014: $22,000,000) and made further net advances amounting to $5,790,000 (2014: net receipts amounting to $5,218,000) to party A.

The Group also provides management and administrative services to party A in return for management and administrative fees which amounted to $900,000 (2014: $1,200,000) during the financial year. As part of the management and administrative services, the Group also recovered staff cost amounting to $3,303,000 (2014: $4,405,000) from party A during the financial year.

An aggregate impairment loss of $3,000,000 (2014: Nil) was recognised during the financial year in profit or loss as the carrying amount was in excess of the recoverable amount.

(c) Amounts due from party B

The loan receivable is made to medical centres in China for the development, setup and operations of these medical centres. This loan is denominated in Chinese Renminbi and is secured by way of corporate guarantees from the borrowers' holding company. Interest is charged at a rate not exceeding 10% of the People's Bank of China variable lending rate of 4.90% (2014: 6.15%) per annum subject to mutual agreement between both parties. During the financial year, the Group extended the existing loan to party B by an additional $3,223,000 (2014: $4,089,000) and has made a commercial decision to waive its right to charge interest during the current and previous financial year to ease the cash flow in view of the current operating circumstances of party B. The loan is not expected to be repaid within 12 months from the balance sheet date.

The Group also provides management and administrative services to party B in return for management and administrative fees which amounted to $257,000 (2014: $249,000) during the financial year.

An aggregate impairment loss of $1,812,000 (2014: Nil) was recognised in profit or loss during the financial year as the carrying amount was in excess of the recoverable amount.

13. INVENTORIES

	Group 2015	Group 2014
	$'000	*$'000*
Pharmacy, medical and surgical supplies, at cost	2,290	2,393

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company 2015	Group and Company 2014
	$'000	*$'000*
Beginning of financial year	756	24,795
Fair value gains/(losses) recognised in other comprehensive income *(Note 24)*	9	(5,020)
Disposals	(765)	(19,019)
End of financial year	–	756

Available-for-sale financial assets are analysed as follows:

	Group and Company 2015	Group and Company 2014
	$'000	*$'000*
Listed equity securities – Singapore	–	756

15. INVESTMENTS IN SUBSIDIARIES

	Company 2015	Company 2014
	$'000	*$'000*
Equity investments at cost	12,343	12,343
Amounts due from subsidiaries (non-trade)	243,180	243,037
Allowance for impairment loss	(58,410)	(58,410)
	197,113	196,970

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

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

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2015 %	Equity holding 2014 %
Held by the Company				
China Healthway Pte. Ltd.[(1)]	Investment holding	Singapore	100	100
Healthway Medical Group Pte Ltd[(2)]	Practice of general medical practitioners	Singapore	100	100
Unimedic Pte. Ltd.[(2)]	Investment holding	Singapore	100	100
Vista Medicare Pte. Ltd.[(1)]	Provision of managed healthcare	Singapore	100	100
Held by China Healthway Pte. Ltd.				
China Unimedic Pte. Ltd.[(1)]	Investment holding	Singapore	100	100
Crane Medical Pte. Ltd.[(2)]	Investment holding	Singapore	100	100
Held by Unimedic Pte. Ltd.				
Aaron Dentalcare Pte. Ltd.[(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Aaron Seow International Pte Ltd[(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
CLAAS Medical Centre Pte. Ltd.[(1)]	Investment holding	Singapore	99.9	99.9
Island Orthopaedic Consultants Pte Ltd[(1)]	Provision of orthopaedic services and operation of medical clinics	Singapore	100	100
Healthway Dental Pte. Ltd.[(5)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Popular Dental (Woodlands) Pte. Ltd.[(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Thomson Paediatric Clinic Pte Ltd[(2)]	Provision of paediatric services and operation of medical clinics	Singapore	100	100
Universal Dentalcare Pte Ltd[(5)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Universal Dental Group (Braddell) Pte. Ltd.[(5)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Universal Dental Group (Woodlands) Pte. Ltd.[(5)]	Practice of dental surgery and operation of dental 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[(2)]	Practice of general medical practitioners	Singapore	100	100

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2015 %	Equity holding 2014 %
Held by SBCC Clinic Pte. Ltd.				
SBCC Women's Clinic Pte. Ltd.[(5)]	Provision of gynaecology services and operation of medical clinics	Singapore	100	100
Held by CLAAS Medical Centre Pte. Ltd.				
BCNG Holdings Pte. Ltd.[(1)]	Provision of services and products related to wellness and beauty	Singapore	100	100
Held by Aaron Seow International Pte Ltd				
Aaron CTP Dental Surgery Pte.Ltd.[(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Held by Crane Medical Pte. Ltd.				
Kang Wei Investment Consultancy (Shanghai) Co., Ltd.[(3)]	Provision of medical services and consultancy	China	100	100
Held by Kang Wei Investment Consultancy (Shanghai) Co., Ltd.				
Kang Hong (Shanghai) Medical Equipment Lease Co., Ltd.[(4)]	Provision of medical services and consultancy	China	100	100

(1) Audited by Sashi Kala Devi Associates

(2) Audited by PricewaterhouseCoopers LLP, Singapore

(3) Audited by ZhongxingCai Guanghua CPA LLP

(4) Audited by Shanghai Yongming C.P.A Partnership

(5) Audited by Gleneagle Trust

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Medical equipment	Computers	Furniture and fittings	Office equipment	Signboards	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Group							
2015							
Cost							
Beginning of financial year	5,107	4,354	1,800	951	727	154	13,093
Additions	553	656	79	4	27	11	1,330
Disposals	(123)	(198)	(1)	–	(4)	–	(326)
End of financial year	5,537	4,812	1,878	955	750	165	14,097
Accumulated depreciation and impairment losses							
Beginning of financial year	2,090	2,003	1,677	712	481	99	7,062
Depreciation charge	578	579	71	49	53	10	1,340
Disposals	(42)	(155)	(1)	–	(4)	–	(202)
End of financial year	2,626	2,427	1,747	761	530	109	8,200
Net book value							
End of financial year	2,911	2,385	131	194	220	56	5,897
2014							
Cost							
Beginning of financial year	5,182	4,430	1,765	1,067	774	137	13,355
Additions	1,517	1,046	96	97	57	26	2,839
Disposals	(1,592)	(1,122)	(61)	(213)	(104)	(9)	(3,101)
End of financial year	5,107	4,354	1,800	951	727	154	13,093
Accumulated depreciation and impairment losses							
Beginning of financial year	2,513	2,020	1,645	857	509	96	7,640
Depreciation charge	560	585	92	54	53	8	1,352
Disposals	(983)	(602)	(60)	(199)	(81)	(5)	(1,930)
End of financial year	2,090	2,003	1,677	712	481	99	7,062
Net book value							
End of financial year	3,017	2,351	123	239	246	55	6,031

Included within additions in the consolidated financial statements are property, plant and equipment acquired under finance leases amounting to $672,000 (2014: $896,000).

The carrying amounts of property, plant and equipment held under financial leases are $3,289,000 (2014: $2,159,000) at the balance sheet date.

17. INTANGIBLE ASSETS

	Group 2015	Group 2014	Company 2015	Company 2014
	$'000	*$'000*	*$'000*	*$'000*
Composition:				
Goodwill arising on consolidation *(Note (a))*	94,500	94,500	–	–
Brand name *(Note (a))*	27,313	27,313	–	–
Computer software licences *(Note (b))*	89	384	66	355
	121,902	122,197	66	355

(a) Goodwill arising on consolidation and brand name

	Goodwill	Brand name	Total
	$'000	*$'000*	*$'000*
Group			
2015			
Cost			
Beginning and end of financial year	152,910	27,313	180,223
Accumulated impairment losses			
Beginning and end of financial year	58,410	–	58,410
Net book value			
End of financial year	94,500	27,313	121,813
2014			
Cost			
Beginning and end of financial year	152,910	27,313	180,223
Accumulated impairment losses			
Beginning and end of financial year	58,410	–	58,410
Net book value			
End of financial year	94,500	27,313	121,813

Impairment test for cash-generating units containing goodwill and brand name with indefinite useful life

For the purpose of impairment testing, goodwill and brand name with indefinite useful life are allocated to the respective Singapore operating divisions ("cash-generating units" or "CGUs") which represent the lowest level within the Group at which they are monitored for internal management purposes.

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

	Goodwill	Brand name	Total	Net book value 2015	Net book value 2014
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Group					
Family medicine (comprising up to 40 clinics	41,313	8,000	49,313	49,313	49,313
Dentistry (comprising up to 10 clinics)	6,046	–	6,046	6,046	6,046
Paediatrics (comprising up to 10 clinics)	21,350	9,656	31,006	31,006	31,006
Orthopaedics (comprising up to 4 clinics)	18,903	9,657	28,560	28,560	28,560
Wellness and aesthetic (comprising 1 clinic)	3,096	–	3,096	3,096	3,096
Obstetrics & gynaecology (comprising up to 2 clinics)	3,792	–	3,792	3,792	3,792
	94,500	27,313	121,813	121,813	121,813

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 growth rates stated below. The growth rate did not exceed the long-term average growth rate for the various segments of the healthcare industry in Singapore.

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

- The anticipated annual revenue growth rate for each CGU included in the cash flow projections ranged between 3% to 7% (2014: 3% to 7%) for years 2016 to 2020.

- The anticipated annual cost growth rate for each CGU was approximately 3% (2014: 3%) for the years 2016 to 2020, which takes into consideration expected annual inflation rates in Singapore.

- A discount rate of 8.8% (2014: 8.9%) was applied in determining the recoverable amount of the CGUs.

- The anticipated terminal growth rate for each CGU was approximately 2% (2014: 1% to 2%).

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 were consistent with forecasts included in industry reports. The discount rates used were pre-tax.

Based on management's assessment, no impairment loss has been identified for the year ended 31 December 2015 (2014: Nil).

Sensitivity analysis

If the estimated revenue growth rate had been 10% lower than management's estimates at 31 December 2015, there would be no impairment required.

(b) Computer software licenses

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	*$'000*	*$'000*	*$'000*
Cost				
Beginning of financial year	1,670	1,656	1,448	1,448
Additions	–	14	–	–
End of financial year	1,670	1,670	1,448	1,448
Accumulated amortisation				
Beginning of financial year	1,286	994	1,093	803
Amortisation for the year	295	292	289	290
End of financial year	1,581	1,286	1,382	1,093
Net book value				
End of financial year	89	384	66	355

18. Trade and other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	*$'000*	*$'000*	*$'000*
Trade payables to:				
– non-related parties	11,165	11,069	–	–
Other payables to:				
– non-related parties	2,826	2,302	497	297
– party A *(Note 12(b))*	2,299	2,500	–	–
– subsidiaries	–	–	601	113
	5,125	4,802	1,098	410
Deferred income	1,824	1,171	–	–
Accruals for operating expenses	6,212	5,371	1,086	711
	24,326	22,413	2,184	1,121

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

19. BORROWINGS

	Group 2015 *$'000*	Group 2014 *$'000*	Company 2015 *$'000*	Company 2014 *$'000*
Current				
Bank borrowings	10,132	9,604	7,060	7,260
Other loans	1,233	2,150	1,233	2,150
Finance lease liabilities *(Note 20)*	1,288	677	–	–
	12,653	12,431	8,293	9,410
Non-current				
Bank borrowings	4,713	2,843	4,285	1,538
Finance lease liabilities *(Note 20)*	1,271	905	–	–
	5,984	3,748	4,285	1,538
Total borrowings	18,637	16,179	12,578	10,948

(a) Security granted

Total borrowings include secured liabilities of $4,833,000 (2014: $5,000,000) for the Group and the Company. Bank borrowings of the Group and the Company are secured over certain bank deposits (Note 11). Finance lease liabilities of the Group are effectively secured over the leased property, plant and equipment (Note 16), as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of these finance lease liabilities.

(b) Fair value of non-current borrowings

The fair values of non-current borrowings approximate their carrying amounts and is computed based on cash flows discounted at market borrowing rates of an equivalent instrument of 5.35% (2014: 5.10%) per annum at the balance sheet date which the directors expect to be available to the Group.

(c) Undrawn borrowing facilities

	Group 2015 *$'000*	Group 2014 *$'000*	Company 2015 *$'000*	Company 2014 *$'000*
Expiring within one year	142	782	–	–
Expiring beyond one year	167	819	167	–
	309	1,601	167	–

(d) Fixed rate borrowings amounting $5,071,000 (2014: $3,646,000) have interest rates ranging from 2.8% to 7.5% per annum (2014: 3.5% to 7.5%). The remaining floating rate borrowings have interest rates between 2.5% to 9.4% per annum (2014: 2.2% to 8.8%).

(e) Bank borrowings and other loans comprise:

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
(i) Revolving credit facilities	6,690	6,218	4,833	5,000
(ii) 4-year term loan facilities	890	–	890	–
(iii) 3-year term loan facilities	6,872	6,049	5,622	3,798
(iv) 2-year term loan facilities	393	180	–	–
(v) Other loans	1,233	2,150	1,233	2,150
	16,078	14,597	12,578	10,948

(i) Revolving credit facilities amounting to $4,833,000 (2014: $5,000,000) are secured by time deposits of the Group and Company and the remaining revolving credit facilities are secured by joint and several guarantees from certain shareholders of the Company. There are no fixed repayment schedules.

(ii) These Singapore dollar bank loans are 4-year term loan facilities which are secured by joint and several guarantees from certain shareholders of the Company. These loans mature in 2019.

(iii) These Singapore dollar bank loans are 3-year term loan facilities which are secured by joint and several guarantees from certain shareholders of the Company. These loans mature in 2016, 2017 and 2018.

(iv) These Singapore dollar bank loans are 2-year term loan facilities which are secured by joint and several guarantees from certain shareholders and employees of the Company. These loans mature in 2016 and 2017.

(v) This comprises of a loan from a shareholder amounting to nil (2014: $50,000) and a loan from a wholly owned company of a former director amounting to $1,233,000 (2014: $2,100,000). The loans are unsecured, interest-free and repayable on demand.

20. FINANCE LEASE LIABILITIES

The Group leases certain property, plant and equipment from non-related parties under finance leases.

	Group 2015 $'000	Group 2014 $'000
Minimum lease payments due		
– Not later than one year	1,394	770
– Between one and five years	1,333	964
	2,727	1,734
Less: Future finance charges	(168)	(152)
Present value of finance lease liabilities	2,559	1,582

The present values of finance lease liabilities are analysed as follows:

	Group	
	2015	2014
	$'000	*$'000*
Not later than one year *(Note 19)*	1,288	677
Later than one year *(Note 19)*		
– Between one and five years	1,271	905
Total	2,559	1,582

21. PROVISIONS

	Group	
	2015	2014
	$'000	*$'000*
Non-current		
Provision for restoration costs	357	366

Movement in provision for restoration cost is as follows:

	Group		Company	
	2015	2014	2015	2014
	$'000	*$'000*	*$'000*	*$'000*
Beginning of financial year	366	400	–	–
Provision utilised	(20)	(34)	–	–
Provision made	11	–	–	–
End of financial year	357	366	–	–

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

22. 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.

Deferred tax asset is expected to be settled after one year.

Movement in deferred income tax assets/(liabilities) is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	*$'000*	*$'000*	*$'000*
Beginning of financial year	(204)	(204)	–	–
Tax credited to profit or loss *(Note 9(a))*	222	–	43	–
End of financial year	18	(204)	43	–

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 future taxable profits is probable. The Group has unrecognised tax losses of $2,910,000 (2014: $2,689,000) and capital allowances of nil (2014: $7,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in Singapore. These tax losses have no expiry dates.

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

Group

Deferred income tax liabilities

	Accelerated tax depreciation
	$'000
2015	
Beginning of financial year	(204)
(Charged)/credited to profit or loss	
– Profit for the financial year	56
– Under provision in prior financial years	(61)
End of financial year	(209)
2014	
Beginning and end of financial year	(204)

Deferred income tax assets

	Employee benefits
	$'000
2015	
Beginning of financial year	–
Credited to profit or loss	
– Profit for the financial year	212
– Under provision in prior financial years	15
End of financial year	227
2014	
Beginning and end of financial year	–

Company

Deferred income tax liabilities

	Accelerated tax depreciation
	$'000
2015	
Beginning of financial year	–
(Charged)/credited to profit or loss	
– Profit for the financial year	50
– Under provision in prior financial years	(61)
End of financial year	(11)
2014	
Beginning and end of financial year	–

Deferred income tax assets

	Employee benefits
	$'000
2015	
Beginning of financial year	–
Credited to profit or loss	
– Profit for the financial year	39
– Under provision in prior financial years	15
End of financial year	54
2014	
Beginning and end of financial year	–

23. SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	*'000*	*$'000*	*$'000*
Group and Company				
2015				
Beginning and end of financial year	2,308,236	18,698	204,430	(3,049)
2014				
Beginning and end of financial year	2,308,236	18,698	204,430	(3,049)

Ordinary shares

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

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

24. FAIR VALUE RESERVE

	Group and Company	
	2015	**2014**
	$'000	*$'000*
Beginning of financial year	718	18,776
Available-for sale financial assets:		
– Fair value gains/(losses) *(Note 14)*	9	(5,020)
– Reclassification to profit or loss on disposal of available-for-sale financial asset *(Note 6)*	(727)	(13,038)
End of financial year	–	718

25. MOVEMENT IN COMPANY'S ACCUMULATED LOSSES

	Accumulated losses
	$'000
2015	
Beginning of financial year	(7,900)
Total comprehensive income for the year	1,525
End of financial year	(6,375)
2014	
Beginning of financial year	(18,486)
Total comprehensive income for the year	10,586
End of financial year	(7,900)

26. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

The Group's exposure to currency risk principally arises from Chinese Renminbi ("RMB") denominated loans amounting $35,812,000 (2014: $32,589,000) extended to the owner of medical entities in China by a Singapore subsidiary with SGD functional currency.

Apart from these RMB loans, 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.

Sensitivity analysis

As at 31 December 2015, a 5% (2014: 5%) strengthening/weakening of SGD against RMB, with all other variables including tax rate being held constant, would decrease/increase profit before tax by approximately $1,791,000 (2014: $1,629,000).

(ii) Price risk

Following the disposal during the current financial year of the quoted security investments that were previously held by the Group (Note 14), the Group is no longer exposed to any significant price risk as at 31 December 2015.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities.

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings.

Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which interest expense could be affected by an adverse movement in interest rates. Where necessary, the Group will consider using hedging strategies to reduce exposure to adverse interest rate movements.

The Group periodically reviews its liabilities and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels.

Sensitivity analysis

If interest rates had been higher/lower by 1% (2014: 1%) with all other variables including tax rate being held constant, the profit after tax for the Group and the Company would have been lower/higher by $81,000 (2014: $116,000) and $66,000 (2014: $73,000) respectively as a result of higher/lower interest expense on the variable-rate borrowings of the Group and Company.

The contractual repricing dates of the variable-rate borrowings of the Group and Company at the balance sheet date are 12 months or less.

(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.

In relation to loan receivables (Note 12), the Group has entered into loan and management service agreements with party A and B which are in the business of the provision of medical services, for which the Group provides long term funding for the development, set up and operations of these businesses. The arrangement results in amounts due to the Group which are classified under loan receivables. To assess a prospective party, the Group evaluates among other factors, the party's credit history, current financial position, as well as, its business outlook, taking into account the risks specific to the party, which include its market and industry dynamics, and internal strategic and business plans. Once the prospective party is contracted, the Group, based on past experience and expectations for the future, monitors on an on-going basis the party's planned cash flow projections and earnings, which would indicate whether the loan receivables are expected to be recoverable when they fall due.

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**	
	2015	**2014**	**2015**	**2014**
	$'000	*$'000*	*$'000*	*$'000*
Corporate guarantees provided:				
– on subsidiaries' loans	–	–	3,163	3,648
– on subsidiaries' finance lease liabilities	–	–	1,929	–
– on party A's loan	–	1,400	–	1,400
	–	1,400	5,092	5,048

The trade and other receivables of the Group comprise 2 debtors (2014: 2 debtors) that individually represented 20% and 62% (2014: 20% and 62%) of the trade and other receivables.

The trade and other receivables of the Company comprise 1 debtor (2014: 1 debtor) that individually represented 67% (2014: 44%) of the trade and other receivables.

The credit risk for financial assets based on the information provided to key management is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	*$'000*	*$'000*	*$'000*
Trade and other receivables:				
– Non-current	22,010	20,358	–	–
– Current	80,802	74,782	10,917	6,341
Cash and bank balances	2,884	3,157	1,947	1,936
Available-for-sale financial assets	–	756	–	756
	105,696	99,053	12,864	9,033

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. The remaining financial assets that are neither past due nor impaired are substantially due from companies with good collection track records with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	*$'000*	*$'000*	*$'000*
Past due 0–30 days	1,970	1,763	–	–
Past due 31–120 days	2,355	2,328	–	–
Past due 121–365 days	1,346	1,480	–	–
	5,671	5,571	–	–

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	*$'000*	*$'000*	*$'000*
Not past due	23,085	18,273	4,527	4,527
Past due over 365 days	3,533	3,974	–	–
Less: Allowance for impairment	(26,618)	(22,247)	(4,527)	(4,527)
	–	–	–	–

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	*$'000*	*$'000*	*$'000*
Beginning of financial year	22,247	17,083	4,527	–
Allowance made	4,812	5,164	–	4,527
Reversal of allowance	(441)	–	–	–
End of financial year	26,618	22,247	4,527	4,527

The impaired trade and other receivables arise mainly from uncertainty in collection. The remaining receivables not impaired are mainly arising from customers that have a good collection track record with the Group.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities (Note 19) and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 11.

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*
Group			
2015			
Non-derivative financial liabilities			
Bank loans	15,709	10,741	4,968
Other loans	1,233	1,233	–
Finance lease liabilities	2,727	1,394	1,333
Trade and other payables	22,502	22,502	–
	42,171	35,870	6,301
2014			
Non-derivative financial liabilities			
Bank loans	13,056	10,035	3,021
Other loans	2,150	2,150	–
Finance lease liabilities	1,734	770	964
Trade and other payables	21,242	21,242	–
Corporate guarantees	1,400	1,400	–
	39,582	35,597	3,985
Company			
2015			
Non-derivative financial liabilities			
Bank loans	12,052	7,547	4,505
Other loans	1,233	1,233	–
Trade and other payables	2,184	2,184	–
Corporate guarantees	5,092	5,092	–
	20,561	16,056	4,505
2014			
Non-derivative financial liabilities			
Bank loans	9,137	7,554	1,583
Other loans	2,150	2,150	–
Trade and other payables	1,121	1,121	–
Corporate guarantees	5,048	5,048	–
	17,456	15,873	1,583

(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 the Company are also required by the borrowers to maintain a gearing ratio of not exceeding 1.25 times (2014: 1.25 times).

The gearing ratio is calculated as net interest-bearing debt divided by net tangible worth. Net tangible worth is calculated as total equity less intangible assets.

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	$'000	*$'000*	*$'000*	*$'000*
Net debt (interest-bearing debt)	17,404	14,029	11,345	8,798
Net tangible worth	69,824	68,428	194,940	193,844
Gearing ratio (times)	0.25	0.21	0.06	0.05

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2015.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

	Level 1
	$'000
Group	
2015	
Assets	
Available-for-sale financial assets	–

	Level 1
	$'000
Group	
2014	
Assets	
Available-for-sale financial assets	756

The fair value of available-for-sale securities traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying amounts of current borrowings approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 14 to the financial statements, except for the following:

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	$'000	*$'000*	*$'000*	*$'000*
Loans and receivables	105,696	98,297	12,864	8,277
Financial liabilities at amortised cost	41,139	37,421	14,762	12,069

(g) Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

$'000	Related amounts set off in the balance sheet			Related amounts not set off in the balance sheet		
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)+(d)
	Gross amounts of recognised financial assets	**Gross amounts of recognised financial liabilities**	**Net amounts of financial assets presented in the balance sheet**	**(d)(i) Financial assets/ (liabilities)**	**(d)(ii) Financial collateral received**	**Net amount**
Group						
As at 31 December 2015						
Trade and other receivables from party A	20,761	(10,470)	10,291	–	–	10,291
As at 31 December 2014						
Trade and other receivables from party A	9,506	(4,804)	4,702	–	–	4,702

$'000	Related amounts set off in the balance sheet			Related amounts not set off in the balance sheet		
	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)+(d)
	Gross amounts of recognised financial assets	**Gross amounts of recognised financial liabilities**	**Net amounts of financial assets presented in the balance sheet**	**(d)(i) Financial assets/ (liabilities)**	**(d)(ii) Financial collateral received**	**Net amount**
Company						
As at 31 December 2015						
Trade and other receivables from party A	10,512	(3,145)	7,367	–	–	7,367
As at 31 December 2014						
Trade and other receivables from party A	6,117	(3,324)	2,793	–	–	2,793

The agreement between the Group and the Company and the respective counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however each party has the option to settle such amounts on a net basis in the event of default of the other party.

27. RELATED PARTY TRANSACTIONS

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

(a) Related party transactions

	Group	
	2015	**2014**
	$'000	*$'000*
Net advances made to a related party[1]	–	613
Net repayment of loan to a shareholder	50	200
Net repayment/(receipt) of loan to/(from) a wholly owned company of a former director	897	(2,100)
Management consultancy service fees paid to an independent director	44	–
Management advisory service fees paid to a non-executive non-independent chairman	5	–

(1) In the previous financial year, the related party refers to Healthway Medical Development (Private) Limited ("HMD"), in which the Group holds a 14% equity interest, and a company owned by a director of the Group was the shareholder of HMD. During the financial year ended 31 December 2015, the director resigned and as such HMD is no longer a related party of the Group as at 31 December 2015. As at 31 December 2015, the net amount due from HMD recorded on the balance sheet is nil (2014: Nil) (Note 12).

(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. The Board of Directors and senior management team are considered as key personnel of the Group.

Key management personnel compensation comprise:

	Group	
	2015	**2014**
	$'000	*$'000*
Wages and salaries	1,526	1,022
Employer's contribution to defined contribution plans, including Central Provident Fund	79	45
	1,605	1,067

Included above are directors' remuneration amounting $501,669 (2014: $568,790).

28. SEGMENT INFORMATION

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

Business segments

The Group has the following strategic business units.

- Primary Healthcare comprising family medicine, dentistry, healthcare benefit management and investment in strategic medical related business; and
- Specialist and Wellness Healthcare comprising paediatrics, orthopaedics, aesthetic medicine, obstetrics and gynaecology.

Geographical segments

The Group's operations are mainly in Singapore and China.

Major customer

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

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

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

	Singapore		China	
	Primary Healthcare	Specialist and wellness healthcare	Specialist and wellness healthcare	Total
	$'000	*$'000*	*$'000*	*$'000*
2015				
Sales				
Total segment sales and sales to external parties	50,596	43,420	257	94,273
EBITDA	1,088	4,289	(1,774)	3,603
Less: Net gain on disposal of available-for-sale financial asset	(727)	–	–	(727)
Adjusted EBITDA	361	4,289	(1,774)	2,876
Depreciation	604	731	5	1,340
Amortisation	290	–	5	295
Segment assets	137,934	75,452	21,089	234,475
Segment assets include:				
– Additions to property, plant and equipment	1,237	93	–	1,330
Segment liabilities	14,533	9,714	436	24,683
2014				
Sales				
Total segment sales and sales to external parties	46,233	39,184	249	85,666
EBITDA	10,776	252	(39)	10,989
Less: Net gain on disposal of available-for-sale financial asset	(13,038)	–	–	(13,038)
Adjusted EBITDA	(2,262)	252	(39)	(2,049)
Depreciation	612	733	7	1,352
Amortisation	290	–	2	292
Segment assets	133,174	74,405	19,687	227,266
Segment assets include:				
– Additions to property, plant and equipment	1,536	1,288	15	2,839
– Additions to intangible assets	–	–	14	14
Segment liabilities	13,766	8,573	440	22,779

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

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

(a) Reconciliations

(i) Segment profits

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

	Group	
	2015	**2014**
	$'000	*$'000*
Adjusted EBITDA for reportable segments	2,876	(2,049)
Net gain on disposal of available-for-sale financial asset	727	13,038
Depreciation	(1,340)	(1,352)
Amortisation	(295)	(292)
Interest income	1,806	1,738
Finance expense	(1,078)	(1,150)
Profit before tax	2,696	9,933

(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 deferred income tax assets, short-term bank deposits, and available-for-sale financial assets.

Segment assets are reconciled to total assets as follows:

	Group	
	2015	**2014**
	$'000	*$'000*
Segment assets for reportable segments	234,475	227,266
Unallocated:		
– Deferred income tax assets *(Note 22)*	18	–
– Short-term bank deposits *(Note 11)*	1,849	2,130
– Available-for-sale financial assets *(Note 14)*	–	756
Total assets	236,342	230,152

(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	
	2015	**2014**
	$'000	*$'000*
Segment liabilities for reportable segments	24,683	22,779
Unallocated:		
– Current income tax liabilities *(Note 9(b))*	1,296	365
– Deferred income tax liabilities *(Note 22)*	–	204
– Borrowings *(Note 19)*	18,637	16,179
Total liabilities	44,616	39,527

(b) Geographical information

	Sales for continuing operations	
	2015	**2014**
	$'000	*$'000*
Singapore	94,016	85,417
China	257	249
	94,273	85,666

29. COMMITMENTS

(a) Loan commitments

Loan commitments granted to the owners of medical centres in China are denominated in Chinese Renminbi and the undrawn commitments will expire in December 2016. Undrawn Chinese Renminbi loan commitments at the balance sheet date amounted to Singapore dollar equivalent of approximately $84,000 (2014: $379,000).

(b) Operating lease commitments - where the Group is a lessee

The Group leases a number of commercial and office premise under non-cancellable operating lease agreements. The leases typically run for an initial period of two to three years, with an option to renew the lease after that date.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2015	**2014**
	$'000	*$'000*
Not later than one year	7,395	7,134
Between one and five years	16,305	5,149
	23,700	12,283

(c) Corporate guarantees

The Company has issued corporate guarantees to banks and to a financial institution for credit facilities and finance lease liabilities granted to its subsidiaries as below:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	*$'000*	*$'000*	*$'000*
Corporate guarantees provided:				
– on subsidiaries' loans	–	–	3,163	3,648
– on subsidiaries' finance lease liabilities	–	–	1,929	–
– on party A's loan *(Note 12(b))*	–	1,400	–	1,400
	–	1,400	5,092	5,048

30. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 or later periods and which the Group has not early adopted:

- **FRS 1** ***Presentation of financial statements***

  (effective for annual periods beginning on or after 1 January 2016)

  This amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- **FRS 115** ***Revenue from contracts with customers***

  (effective for annual periods beginning on or after 1 January 2017)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services. The core principle of FRS 115 is that en entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1 Identify the contract(s) with a customer
- Step 2 Identify the performance obligations in the contract
- Step 3 Determine the transaction price
- Step 4 Allocate the transaction price to the performance obligations in the contract
- Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation.

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- **FRS 109** ***Financial instruments***

(effective for annual periods beginning on or after 1 January 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 39 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value though Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the finance asset. Investments in equity instruments are required to be measured at fair value through profit or loss in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness test. It requires and economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required by is different to that current prepared under FRS 39.

This amendment is not expected to have any significant impact on the financial statements of the Group.

31. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Healthway Medical Corporation Limited on 1 April 2016.

(iii) AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2014

Set out below are the audited financial statements of Healthway for the financial year ended 31st December, 2014 as extracted from the published annual report of Healthway for the financial year ended 31st December, 2014, which was prepared in accordance with the generally accepted accounting principles in Singapore. These financial statements were presented in thousands S$ except for per share amounts and as otherwise stated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	**2014** *$'000*	**2013** *$'000*
Revenue	*4*	85,666	80,601
Other income	*5*	7,775	7,472
Other gains	*6*	13,038	43,302
Expenses			
– Medical supplies and consumables used		(11,492)	(11,626)
– Laboratory and related expenses		(6,534)	(5,256)
– Staff costs	*7*	(56,329)	(50,683)
– Depreciation of property, plant and equipment	*16*	(1,352)	(1,309)
– Amortisation of intangible assets	*17*	(292)	(292)
– Rental on operating leases		(8,500)	(7,827)
– Allowance for impairment loss on doubtful receivables	*26(b)*	(5,164)	(14,688)
– Finance expenses	*8*	(1,150)	(1,898)
– Other expenses		(5,733)	(7,073)
Total expenses		(96,546)	(100,652)
Profit before income tax		9,933	30,723
Income tax expense	*9(a)*	(93)	(140)
Total profit		9,840	30,583
Other comprehensive (losses)/income:			
Items that may be classified subsequently to profit or loss:			
Available-for-sale financial assets			
– Fair value (losses)/gains	*24*	(5,020)	25,513
– Transfer to profit or loss	*24*	(13,038)	(56,336)
		(18,058)	(30,823)
Currency translation gains arising from consolidation		75	908
Other comprehensive losses, net of tax		(17,983)	(29,915)
Total comprehensive (losses)/income		(8,143)	668
Profit attributable to:			
Equity holders of the Company		9,840	30,583
Total comprehensive (losses)/income attributable to:			
Equity holders of the Company		(8,143)	668
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic and diluted earnings per share	*10*	0.43	1.35

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

BALANCE SHEET – GROUP AND COMPANY

As at 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
ASSETS					
Current assets					
Cash and cash equivalents	11	3,157	3,761	1,936	1,675
Trade and other receivables	12	75,260	42,672	6,352	24,397
Inventories	13	2,393	2,778	–	–
Available-for-sale financial assets	14	756	24,795	756	24,795
		81,566	74,006	9,044	50,867
Non-current assets					
Trade and other receivables	12	20,358	49,555	–	–
Investments in subsidiaries	15	–	–	196,970	182,214
Property, plant and equipment	16	6,031	5,715	–	–
Intangible assets	17	122,197	122,475	355	645
		148,586	177,745	197,325	182,859
Total assets		230,152	251,751	206,369	233,726
LIABILITIES					
Current liabilities					
Trade and other payables	18	22,413	35,286	1,121	17,578
Current income tax liabilities	9(b)	365	831	101	695
Borrowings	19	12,431	9,731	9,410	7,982
		35,209	45,848	10,632	26,255
Non-current liabilities					
Borrowings	19	3,748	6,531	1,538	5,800
Deferred income tax liabilities	22	204	204	–	–
Provisions	21	366	400	–	–
		4,318	7,135	1,538	5,800
Total liabilities		39,527	52,983	12,170	32,055
NET ASSETS		190,625	198,768	194,199	201,671
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	204,430	204,430	204,430	204,430
Treasury shares	23	(3,049)	(3,049)	(3,049)	(3,049)
Fair value reserve	24	718	18,776	718	18,776
Currency translation reserve		699	624	–	–
Accumulated losses		(12,173)	(22,013)	(7,900)	(18,486)
Total equity		190,625	198,768	194,199	201,671

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Note	Share capital $'000	Treasury shares $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated losses $'000	Total equity $'000
2014							
Beginning of financial year		204,430	(3,049)	18,776	624	(22,013)	198,768
Total comprehensive (losses)/income for the year		–	–	(18,058)	75	9,840	(8,143)
End of financial year		204,430	(3,049)	718	699	(12,173)	190,625
2013							
Beginning of financial year		194,726	(3,049)	49,599	(284)	(28,084)	212,908
Issue of new shares	23	10,004	–	–	–	–	10,004
Share issue expenses	23	(300)	–	–	–	–	(300)
Dividend paid		–	–	–	–	(24,512)	(24,512)
Total comprehensive (losses)/income for the year		–	–	(30,823)	908	30,583	668
End of financial year		204,430	(3,049)	18,776	624	(22,013)	198,768

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Total profit		9,840	30,583
Adjustments for:			
– Income tax expense		93	140
– Depreciation of property, plant and equipment		1,352	1,309
– Amortisation of intangible assets		292	292
– Property, plant and equipment written off		517	129
– Allowance for impairment loss on doubtful receivables		5,164	14,688
– Loss on disposal of property, plant and equipment		15	–
– Interest expense		1,150	1,898
– Interest income		(1,738)	(1,397)
– Gain on disposal of available-for-sale financial assets		(13,038)	(43,302)
– Unrealised currency translation losses		75	905
		3,722	5,245
Change in working capital, net of effects from acquisition and disposal of subsidiaries:			
– Inventories		385	(47)
– Trade and other receivables		1,565	(1,380)
– Trade and other payables		3,743	779
Cash generated from operations		9,415	4,597
Income tax (paid)/credit		(559)	310
Net cash provided by operating activities		8,856	4,907
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired		–	(262)
Additions to property, plant and equipment		(1,943)	(488)
Additions of intangible assets		(14)	(3)
Proceeds on disposal of property, plant and equipment		639	316
Loans to third parties		(26,089)	(13,758)
Proceeds from sale of available-for-sale financial asset		19,019	21,707
Investment in available-for-sale financial asset		–	(30,346)
Net advances made to a related party		(613)	(11,369)
Interest income		1,738	1,397
Net cash used in investing activities		(7,263)	(32,806)
Cash flows from financing activities			
Fixed deposits pledged		(6)	98
Share issue expense		–	(300)
Proceeds from share issue		–	10,004
Proceeds from borrowings		16,293	34,085
Repayment of borrowings		(16,548)	(12,823)
Repayment of finance lease liabilities		(698)	(546)
Dividend paid		–	(1,500)
Interest paid		(1,150)	(1,898)
Net cash (used in)/provided by financing activities		(2,109)	27,120
Net decrease in cash and cash equivalents		(516)	(779)
Cash and cash equivalents			
Beginning of financial year	*11*	1,553	2,329
Effects of currency translation on cash and cash equivalents		–	3
End of financial year	*11*	1,037	1,553

Significant non-cash transactions

In 2014, the Group acquired property, plant and equipment with an aggregate cost of $2,839,000 (2013: $1,086,000) of which $896,000 (2013: $598,000) was acquired under finance leases.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

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 2 Leng Kee Road, #06-07 Thye Hong Centre, Singapore 159086.

The principal activities of the Company are those of an investment holding company and to carry on the business of healthcare management. The principal activities of its subsidiaries are set out in Note 15.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Provision of medical services

Revenue from the provision of medical services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised over the period when the services are performed, typically within twelve months from the date of the transaction.

(b) Management and administrative fees

Management and administrative fees are recognised upon completion of services rendered, where it is probable that the benefits will flow to the Group.

(c) Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

(d) Interest income

Interest income is recognised using the effective interest method.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations 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 the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement 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.

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

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

(iii) Disposals

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

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

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

(b) Transactions with non-controlling interests

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

2.4 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. 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 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. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Depreciation

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

	Useful lives
Leasehold improvement	2 to 10 years
Medical equipment	5 to 10 years
Computers	1 to 3 years
Furniture and fittings	5 to 10 years
Office equipment	5 to 10 years
Signboards	2 to 10 years

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.

2.5 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of (i) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over (ii) the fair value of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(b) Acquired brands

Acquired brands with indefinite life are initially recognised at cost and are subsequently carried at cost less accumulated impairment losses.

(c) Acquired computer software licences and computer software development in progress

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

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years. Computer software development in progress is not amortised.

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

2.6 Borrowing costs

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

2.7 Investments in subsidiaries

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

2.8 Impairment of non-financial assets

(a) Goodwill, brands and computer software development in progress

Goodwill and intangible assets that have indefinite useful life, recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is 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, exceeds the estimated 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 allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

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

(b) Intangible assets
Property, plant and equipment
Investments in subsidiaries

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

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

An impairment loss for an asset other than goodwill 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.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 12) and "cash and cash equivalents" (Note 11) on the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

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 disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of certain subsidiaries and a non-related party. These guarantees are financial guarantees as they require the Company to reimburse the banks if the specified debtors fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Intra-group financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be recognised to settle the guarantee contract.

All other (non intra-group) financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

2.12 Borrowings

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

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

2.13 Trade and other payables

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

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

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

2.15 Leases

When the Group is the lessee:

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

(i) Lessee – Finance leases

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

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

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

(ii) Lessee – Operating leases

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

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

When the Group is the lessor (operating leases):

(i) Lessor – Operating leases

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

Leases of commercial and office premises to non-related parties where the Group has leased under operating leases (Note 2.15(ii)) are classified as operating leases. Rental income from these operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

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

2.16 Inventories

Inventories comprising pharmacy, medical and surgical supplies are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula 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 the estimated costs necessary to make the sale.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

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

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

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

2.18 Provisions

Provisions 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 amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

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.

2.19 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.

2.20 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 translation 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.

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.

(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.

2.21 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.

2.22 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, net of bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.23 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.

When treasury shares are subsequently cancelled, the carrying amounts are netted off 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.

2.24 Dividends to Company's shareholders

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

2.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) Use of indefinite lived assumption on Brand name

Brand name arises from the acquisition of subsidiaries in 2006 and 2008. In the assessment of the useful life of the brand name, Management has performed an analysis on the relevant factors including the strength and durability of the brand in the industry. Management has also considered the stability and profitability of the market sectors that are of similar risk profiles that the brand relates to. Further, management considers that its size and market shares mean that the risk of market-related factors causing a reduction in the life of the brand name is considered to be relatively low. The Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factor which could limit its useful life. Based on the mentioned factors, management concludes that there is no foreseeable limit to the period over which the brand name is expected to generate net cash inflows for the Group and hence, brand name is not amortised.

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

(b) Estimated impairment of non-financial assets

Goodwill and brand name with indefinite useful lives are tested for impairment annually and whenever there are indication that they may be impaired. Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 17).

If the estimated EBIT had been 2% lower than management's estimates at 31 December 2014, this would not result in any significant impact on the carrying value of goodwill, brand name and property, plant and equipment of the CGUs. If the estimated weighted cost of capital used in determining the pre-tax discount rate applied to the discounted cash flows for the CGUs had been 0.5% higher than management's estimates at 31 December 2014, there would be no impairment required.

(c) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

As at 31 December 2014, the carrying amounts of the Group's loans and receivables are disclosed in Note 12. Management is of the view that the allowance for impairment loss recorded is adequate and no further allowance required.

(d) Income taxes

Critical accounting judgement is involved in determining the provision for income taxes, in particular over the taxability of certain income. At balance sheet date, the Group recognised current income tax payable of $365,000 (2013: $831,000). As management believes that the tax positions currently taken are sustainable, the Group has not recognised any additional tax liability for such expected tax issues. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will have a material impact on the income tax expense in the period in which such determination is made.

4. REVENUE

	Group	
	2014	**2013**
	$'000	*$'000*
Medical services	84,466	78,236
Management and administrative fees	1,200	2,365
	85,666	80,601

5. OTHER INCOME

	Group 2014	2013
	$'000	*$'000*
Interest income		
– Bank deposits	6	11
– Loans and receivables from non-related parties	1,732	1,386
	1,738	1,397
Recovery of staff cost		
– non-related party	4,405	4,405
Rental income	456	556
Rental of medical equipment	383	383
Others	793	731
	7,775	7,472

6. OTHER GAINS

	Group 2014	2013
	$'000	*$'000*
Loss on settlement of convertible debt instruments and exercise of options *(Note (a))*	–	(13,034)
Transfer from comprehensive income on disposal of available-for-sale financial assets *(Note 24)*	13,038	56,336
	13,038	43,302

(a) In previous financial year, the Group issued convertible debt instruments amounting to $23,400,000. These convertible debt instruments were settled using the Group's available-for-sale financial assets, resulting in a loss of $11,939,000.

In previous financial year, several investors exercised their options to purchase a portion of the Group's available-for-sale financial assets at a mutually agreed price, resulting in a loss of $1,095,000.

7. STAFF COSTS

	Group 2014	Group 2013
	$'000	*$'000*
Wages and salaries	53,819	48,273
Employer's contribution to defined contribution plans including Central Provident Fund	2,510	2,410
	56,329	50,683

8. FINANCE EXPENSES

	Group 2014	Group 2013
	$'000	*$'000*
Interest expense		
– Bank borrowings	1,052	1,823
– Finance lease liabilities	98	75
	1,150	1,898

9. INCOME TAXES

(a) Income tax expense

	Group 2014	Group 2013
	$'000	*$'000*
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax	514	1,270
Deferred income tax *(Note 22)*	–	(300)
	514	970
– Over provision in prior financial years:		
Current income tax	(421)	(830)
	93	140

	Group 2014 $'000	Group 2013 $'000
Profit before income tax	9,933	30,723
Tax calculated at tax rate of 17% (2013: 17%)	1,689	5,223
Effects of		
– over provision in prior years	(421)	(830)
– expenses not deductible for tax purposes	889	2,801
– income not subject to tax	(2,170)	(7,364)
– utilisation of previously unrecognised tax losses	–	(38)
– deferred tax asset on tax losses not recognised	106	348
Tax charge	93	140

(b) **Movement in current income tax liabilities**

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Beginning of financial year	831	81	695	6
Income tax (paid)/credit	(559)	310	(173)	–
Tax expense	514	1,270	–	520
(Over)/under provision in the prior year	(421)	(830)	(421)	169
End of financial year	365	831	101	695

10. EARNINGS PER SHARE

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

	Group 2014	Group 2013
Net profit attributable to equity holders of the Company ($'000)	9,840	30,583
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,308,236	2,266,832
Basic earnings per share (cents per share)	0.43	1.35

Diluted earnings per share for the year ended 31 December 2014 and 31 December 2013 are computed on the same basis as basic earnings per share as there were no options and warrants granted and there were no other potential ordinary shares outstanding.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Cash at bank and on hand	1,027	1,636	351	95
Short-term bank deposits	2,130	2,125	1,585	1,580
	3,157	3,761	1,936	1,675

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

	Group	
	2014	**2013**
	$'000	*$'000*
Cash and bank balances (as above)	3,157	3,761
Less: Bank deposits pledged as collateral for banking facilities	(2,120)	(2,114)
Less: Bank overdrafts *(Note 19)*	–	(94)
Cash and cash equivalents per consolidated statement of cash flows	1,037	1,553

The weighted average effective interest rates relating to cash and cash equivalents excluding bank overdrafts, at the balance sheet date for the Group and Company are 0.20% (2013: 0.20%) and 0.21% (2013: 0.22%) respectively. Interest rates reprice at intervals of one month.

Bank deposits pledged represent bank balances of the Company pledged to secure certain banking facilities (refer to Note 19).

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	$'000	*$'000*	*$'000*	*$'000*
Current				
Trade receivables	12,146	10,260	2,793	2,793
Unbilled receivables	1,772	1,786	–	–
	13,918	12,046	2,793	2,793
Allowance for impairment loss	(3,974)	(3,461)	–	–
Net receivables	9,944	8,585	2,793	2,793
Deposits	4,808	2,026	3,540	1,100
Loan receivables – Loan A	55,000	–	–	–
Other receivables – non related companies	5,776	11,520	8	–
Allowance for impairment loss	(746)	(622)	–	–
	5,030	10,898	8	–
Other receivables – related party	4,527	20,496	4,527	20,496
Allowance for impairment loss	(4,527)	–	(4,527)	–
	–	20,496	–	20,496
	74,782	42,005	6,341	24,389
Prepayments	478	667	11	8
	75,260	42,672	6,352	24,397
Non-current				
Deposits	769	1,055	–	–
Loan receivables:				
– Loan A	–	33,000	–	–
– Loan B	32,589	28,500	–	–
Allowance for impairment loss	(13,000)	(13,000)	–	–
	19,589	15,500	–	–
	20,358	49,555	–	–

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

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

Loan A

The loan is denominated in Singapore dollars and is unsecured. The floating-rate interest is based on DBS Bank Ltd's Prime rate, adjusted on an annual basis. At balance sheet date, the loans bear interest at 4.25% per annum (2013: 4.25%). The borrower is a non-related company that owns medical clinics in Singapore. Under the loan agreement, the Group provides funding for the development, setup and operations of the borrower. The Group is expected to be repaid on 30 June 2015. As at date of these financial statements, the Group is considering exercising the option to acquire these medical clinics through the conversion of this loan to form part of the purchase consideration, at a price to be agreed (See Note (a) below).

Loan B

The loans are made to non-related medical centres in China for the development, setup and operations of these medical centres (See Note (a) below).

These loans are denominated in Chinese Renminbi and are secured by way of corporate guarantees from the borrowers' holding company. The Group have waived interest charged during the year and previous financial year. The loans have tenor periods of 10 years and are repayable on 12 August 2020.

Note (a)

The Group has management service contracts with various parties to manage medical centres in Singapore and China. The Group is not exposed to, or does not have rights to, variable returns from its involvement of these medical centres. The Group does not have the ability to affect those returns through its power over these medical centres.

13. INVENTORIES

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Pharmacy, medical and surgical supplies, at cost	2,393	2,778	–	–

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2014	**2013**
	$'000	*$'000*
Beginning of financial year	24,795	50,050
Additions	–	30,346
Fair value (losses)/gains recognised in other comprehensive income	(5,020)	25,513
Disposals	(19,019)	(81,114)
End of financial year	756	24,795

Available-for-sale financial assets are analysed as follows:

	Group and Company	
	2014	**2013**
	$'000	*$'000*
Listed equity securities – Singapore	756	24,795

15. INVESTMENTS IN SUBSIDIARIES

	Company 2014	2013
	$'000	*$'000*
Equity investments at cost	12,343	12,343
Amounts due from subsidiaries (non-trade)	243,037	228,281
Allowance for impairment loss	(58,410)	(58,410)
End of financial year	196,970	182,214

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

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

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2014	2013
			%	%
Held by the Company				
China Healthway Pte. Ltd.(1)	Investment holding	Singapore	100	100
Healthway Medical Group Pte Ltd(2)	Practice of general medical practitioners	Singapore	100	100
Unimedic Pte. Ltd.(2)	Investment holding	Singapore	100	100
Vista Medicare Pte. Ltd.(1)	Provision of managed healthcare	Singapore	100	100
Held by China Healthway Pte. Ltd.				
China Unimedic Pte. Ltd.(1)	Investment holding	Singapore	100	100
Crane Medical Pte. Ltd.(2)	Investment holding	Singapore	100	100
Held by Unimedic Pte. Ltd.				
Aaron Dentalcare Pte. Ltd.(1)	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Aaron Seow International Pte Ltd(1)	Practice of dental surgery and operation of dental clinics	Singapore	100	100
CLAAS Medical Centre Pte. Ltd.(1)	Investment holding	Singapore	99.9	99.9

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2014 %	2013 %
Island Orthopaedic Consultants Pte Ltd(1)	Provision of orthopaedic services and operation of medical clinics	Singapore	100	100
Peace Family Clinic and Surgery (AMK) Pte. Ltd.(1)	Under voluntary liquidation	Singapore	100	100
Peace Family Clinic and Surgery (Anchorvale) Pte. Ltd.(1)	Under voluntary liquidation	Singapore	100	100
Peace Family Clinic and Surgery (Sembawang) Pte. Ltd.(1)	Under voluntary liquidation	Singapore	100	100
Picton Medical Centre Pte. Ltd.(1)	Under voluntary liquidation	Singapore	100	100
Healthway Dental Pte. Ltd.(1)	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Popular Dental (Woodlands) Pte. Ltd.(1)	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Thomson Paediatric Clinic Pte Ltd(2)	Provision of paediatric services and operation of medical clinics	Singapore	100	100
Universal Dentalcare Pte Ltd(1)	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Universal Dental Group (Braddell) Pte. Ltd.(1)	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Universal Dental Group (Woodlands) Pte. Ltd.(1)	Practice of dental surgery and operation of dental clinics	Singapore	100	100
SBCC Clinic Pte Ltd(1)	Provision of paediatric services and operation of medical clinics	Singapore	100	100
SBCC Services & Trading Pte Ltd(1)	Under voluntary liquidation	Singapore	100	100

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2014 %	2013 %
Silver Cross Healthcare Pte Ltd[(2)]	Practice of general medical practitioners	Singapore	100	100
Held by SBCC Clinic Pte. Ltd.				
SBCC Women's Clinic Pte. Ltd.[(1)]	Provision of gynaecology services and operation of medical clinics	Singapore	100	100
Held by CLAAS Medical Centre Pte. Ltd.				
BCNG Holdings Pte. Ltd.[(1)]	Provision of services and products related to wellness and beauty	Singapore	100	100
Held by Aaron Seow International Pte Ltd				
Aaron CTP Dental Surgery Pte. Ltd.[(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Held by Crane Medical Pte. Ltd.				
Kang Wei Investment Consultancy (Shanghai) Co., Ltd.[(3)]	Provision of medical services and consultancy	China	100	100
Held by Kang Wei Investment Consultancy (Shanghai) Co., Ltd.				
Kang Hong (Shanghai) Medical Equipment Lease Co., Ltd.[(4)]	Provision of medical services and consultancy	China	100	100

(1) Audited by Sashi Kala Devi Associates

(2) Audited by PricewaterhouseCoopers LLP, Singapore

(3) Audited by ZhongxingCai Guanghua CPA LLP

(4) Audited by Shanghai Yongming C.P.A Partnership

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Medical equipment	Computers	Furniture and fittings	Office equipment	Signboards	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Group							
2014							
Cost							
Beginning of financial year	5,182	4,430	1,765	1,067	774	137	13,355
Additions	1,517	1,046	96	97	57	26	2,839
Disposals	(1,592)	(1,122)	(61)	(213)	(104)	(9)	(3,101)
End of financial year	5,107	4,354	1,800	951	727	154	13,093
Accumulated depreciation and impairment losses							
Beginning of financial year	2,513	2,020	1,645	857	509	96	7,640
Depreciation charge	560	585	92	54	53	8	1,352
Disposals	(983)	(602)	(60)	(199)	(81)	(5)	(1,930)
End of financial year	2,090	2,003	1,677	712	481	99	7,062
Net book value							
End of financial year	3,017	2,351	123	239	246	55	6,031
2013							
Cost							
Beginning of financial year	4,453	4,556	1,741	1,108	789	146	12,793
Additions	785	236	44	(25)	37	9	1,086
Acquired under business combinations	102	308	3	6	–	–	419
Disposals	(158)	(670)	(23)	(22)	(52)	(18)	(943)
End of financial year	5,182	4,430	1,765	1,067	774	137	13,355
Accumulated depreciation and impairment losses							
Beginning of financial year	2,020	1,880	1,531	823	479	96	6,829
Depreciation charge	548	516	132	51	54	8	1,309
Disposals	(55)	(376)	(18)	(17)	(24)	(8)	(498)
End of financial year	2,513	2,020	1,645	857	509	96	7,640
Net book value							
End of financial year	2,669	2,410	120	210	265	41	5,715

The carrying amount of property, plant and equipment held under financial leases are $2,159,000 (2013: $1,728,000) at balance sheet date.

17. INTANGIBLE ASSETS

	Goodwill *$'000*	Brand name *$'000*	Computer Software *$'000*	Total *$'000*
Group				
2014				
Cost				
Beginning of financial year	152,910	27,313	1,656	181,879
Additions	–	–	14	14
End of financial year	152,910	27,313	1,670	181,893
Accumulated amortisation and impairment losses				
Beginning of financial year	58,410	–	994	59,404
Amortisation for the year	–	–	292	292
End of financial year	58,410	–	1,286	59,696
Net book value				
End of financial year	94,500	27,313	384	122,197
2013				
Cost				
Beginning of financial year	149,118	27,313	1,653	178,084
Additions	–	–	3	3
Acquisition of subsidiary	3,792	–	–	3,792
End of financial year	152,910	27,313	1,656	181,879
Accumulated amortisation and impairment losses				
Beginning of financial year	58,410	–	702	59,112
Amortisation for the year	–	–	292	292
End of financial year	58,410	–	994	59,404
Net book value				
End of financial year	94,500	27,313	662	122,475

	Computer Software
	$'000
Company	
2014	
Cost	
Beginning and end of financial year	1,448
Accumulated amortisation and impairment losses	
Beginning of financial year	803
Amortisation for the year	290
End of financial year	1,093
Net book value	
End of financial year	355
2013	
Cost	
Beginning and end of financial year	1,448
Accumulated amortisation and impairment losses	
Beginning of financial year	513
Amortisation for the year	290
End of financial year	803
Net book value	
End of financial year	645

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

For the purpose of impairment testing, goodwill and brand name with indefinite lives are allocated to the respective Singapore operating divisions ("cash-generating units" or "CGUs") which represent the lowest level within the Group at which they are monitored for internal management purposes.

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

	Goodwill	Brand name	Total	Net book value 2014	Net book value 2013
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Group					
Family medicine (comprising up to 43 clinics)	41,313	8,000	49,313	49,313	49,313
Dentistry (comprising up to 12 clinics)	6,046	–	6,046	6,046	6,046
Paediatrics (comprising up to 10 clinics)	21,350	9,656	31,006	31,006	31,006
Orthopaedics (comprising up to 3 clinics)	18,903	9,657	28,560	28,560	28,560
Wellness and aesthetic (comprising 1 clinic)	3,096	–	3,096	3,096	3,096
Obstetrics & gynaecology (comprising up to 2 clinics)	3,792	–	3,792	3,792	3,792
	94,500	27,313	121,813	121,813	121,813

The recoverable amount of the respective CGUs was based on their value-in-use. Value-in-use was determined by discounting the future cash flows generated from the continuing use of the CGUs.

Cash flows were projected based on actual operating results, financial budget and targeted revenue growth approved by management covering a period of five years and its projected terminal value. Terminal value for the respective CGU is based on the CGU's estimated Earnings Before Income Tax ("EBIT") from the 6th year, at annual growth rates of 1% to 2% (2013: 1% to 2%) to perpetuity. This is within the long-term average growth rates for various segments of the healthcare industry in Singapore.

Actual results may differ from forecasts and future events may affect the assumptions below and the related cash flows and values of the Group's goodwill, brand name and property, plant and equipment used for assessing impairment.

In respect of the earnings generated from the CGUs, the other underlying key assumptions used in calculation of the recoverable amounts are outlined below.

- The anticipated annual revenue growth of family medicine, dentistry as well as wellness and aesthetic included in the cash flow projection was approximately 3 to 5% (2013: 5%) for years 2015 to 2019.

- The anticipated annual revenue growth of paediatrics, orthopaedics, obstetrics and gynaecology included in the cash flow projection was approximately 7% (2013: 7%) for years 2015 to 2019.

- Cost growth rates of 3% (2013: 3%) for the years 2015 to 2019, which takes into consideration expected annual inflation rates in Singapore and expected impact of internal cost containment initiatives since FY2012.

- A discount rate of 8.71% (2013: 7.93%) was applied in determining the recoverable amount of the CGUs. The discount rate used reflect risks specific to the CGUs.

The values assigned to the key assumptions represent management's assessment of past experience, future trends in the industry and are based on both external sources and internal sources.

Based on management's assessment, no impairment loss has been identified for the year ended 31 December 2014 (2013: nil).

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Trade payables to non-related parties	11,069	9,806	264	537
Deferred income	1,171	1,356	–	–
Other payable to non-related parties	4,802	3,554	33	35
	17,042	14,716	297	572
Non-trade amounts:				
– due to subsidiaries	–	–	113	54
– due to a related party	–	16,580	–	16,580
	–	16,580	113	16,634
Accruals for operating expenses	5,371	3,990	711	372
	22,413	35,286	1,121	17,578

The non-trade amounts due to subsidiaries and a related party are unsecured, interest-free and repayable on demand. Amounts due to a related party have been fully repaid during the year.

19. BORROWINGS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Current				
Bank overdrafts *(Note 11)*	–	94	–	–
Bank borrowings	9,604	8,703	7,260	7,632
Loans	2,150	350	2,150	350
Finance lease liabilities *(Note 20)*	677	584	–	–
	12,431	9,731	9,410	7,982
Non-current				
Bank borrowings	2,843	5,800	1,538	5,800
Finance lease liabilities *(Note 20)*	905	731	–	–
	3,748	6,531	1,538	5,800
Total borrowings	16,179	16,262	10,948	13,782

The carrying value of the borrowings is a reasonable approximation of their fair values.

Fixed rate borrowings amounting $3,646,000 (2013: $2,415,000) have interest rates ranging from 3.5% to 7.5% per annum (2013: 3.5% to 5.0%). The remaining floating rate borrowings have interest rates between 2.2% to 8.8% per annum (2013: 2.3% to 8.8%). In previous financial year, the bank overdrafts had interest rates of 2.0% per annum.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Bank borrowings and loans comprise				
(a) 4-year term loan facilities	–	858	–	722
(b) Revolving credit facilities	6,218	5,935	5,000	5,000
(c) 3-year term loan facilities	6,049	7,710	3,798	7,710
(d) 2-year term loan facilities	180	–	–	–
(e) Other loans	2,150	350	2,150	350
Total borrowings	14,597	14,853	10,948	13,782

(a) In previous financial year, these 4-year term loan facilities were denominated in Singapore dollars and were secured by joint and several guarantees from certain directors of the Company. These loans have been repaid during the financial year.

(b) These revolving credit facilities are secured by joint and several guarantees from a director and a former director of the Company. There are no fixed repayment schedules.

(c) These Singapore dollar bank loans are 3-year term loan facilities which are secured by joint and several guarantees from certain directors of the Company. These loans mature in 2015, 2016 and 2017.

(d) This Singapore dollar bank loan is a 2-year term loan facility which is secured by joint and several guarantees from certain directors of the Company. This loan mature in 2016.

(e) This comprises of a loan from a shareholder amounting $50,000 (2013: $250,000), a loan from an affiliate of a director amounting $2,100,000 (2013: nil) and a loan from a family member of a director amounting nil (2013: $100,000). The loans are unsecured, interest-free and repayable on demand.

20. FINANCE LEASE LIABILITIES

The Group leases certain plant and equipment from non-related parties under finance leases. The weighted average effective interest rate per annum ranging from 2.05% to 3.50%.

	Group	
	2014	**2013**
	$'000	*$'000*
Minimum lease payments due		
– Not later than one year	770	646
– Between one and five years	964	795
	1,734	1,441
Less: Future finance charges	(152)	(126)
Present value of finance lease liabilities	1,582	1,315

The present values of finance lease liabilities are analysed as follows:

	Group	
	2014	**2013**
	$'000	*$'000*
Not later than one year *(Note 19)*	677	584
Later than one year *(Note 19)*		
– Between one and five years	905	731
Total	1,582	1,315

21. PROVISIONS

	Group		Company	
	2014	2013	2014	2013
	$'000	*$'000*	*$'000*	*$'000*
Non-current				
Provision for restoration costs	366	400	–	–

Movement in provision for restoration cost is as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	*$'000*	*$'000*	*$'000*
Beginning of financial year	400	400	–	–
Provision utilised	(34)	–	–	–
End of financial year	366	400	–	–

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

22. 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.

Deferred tax liability is expected to be settled after one year.

Movement in deferred income tax account is as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	*$'000*	*$'000*	*$'000*
Beginning of financial year	(204)	(504)	–	–
Tax credit profit or loss *(Note 9(a))*	–	300	–	–
End of financial year	(204)	(204)	–	–

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 future taxable profits is probable. The Group has unrecognised tax losses of $4,332,000 (2013: $3,497,000) and capital allowances of $7,000 (2013: $7,000) 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.

Group

The movement in deferred income tax liabilities is as follows:

	Accelerated tax depreciation *$'000*
2014	
Beginning of financial year	204
Credit to profit or loss	–
End of financial year	204
2013	
Beginning of financial year	504
Charged to profit or loss	(300)
End of financial year	204

23. SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital *'000*	Treasury shares *'000*	Share capital *$'000*	Treasury shares *$'000*
Group and Company				
2014				
Beginning and end of financial year	2,308,236	18,698	204,430	(3,049)
2013				
Beginning of financial year	2,210,736	18,698	194,726	(3,049)
Shares issued	97,500	–	10,004	–
Share issue expenses	–	–	(300)	–
End of financial year	2,308,236	18,698	204,430	(3,049)

Ordinary shares

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

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

24. FAIR VALUE RESERVE

	Group and Company	
	2014	**2013**
	$'000	*$'000*
Beginning of financial year	18,776	49,599
Fair value (loss)/gain on available-for sale financial assets:		
– Net (loss)/gain on fair value changes during the year *(Note 14)*	(5,020)	25,513
– Transfer to profit or loss on disposal of available-for-sale financial asset *(Note 6)*	(13,038)	(56,336)
End of financial year	718	18,776

25. MOVEMENT IN COMPANY'S ACCUMULATED LOSSES

	Accumulated losses
	$'000
2014	
Beginning of financial year	(18,486)
Total comprehensive income for the year	10,586
End of financial year	(7,900)
2013	
Beginning of financial year	(52,349)
Total comprehensive income for the year	58,375
Distribution of non-cash assets	(24,512)
End of financial year	(18,486)

26. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks.

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 Group 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 and China. The Group's monetary assets and liabilities are principally denominated in Singapore Dollar ("SGD").

The Group's exposure to currency risk principally arises from Chinese Renminbi ("RMB") denominated loans amounting $32,589,000 (2013: $28,500,000) extended to the owner of medical entities in China by a Singapore subsidiary with SGD functional currency.

Apart from these RMB loans, 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.

Sensitivity analysis

As at 31 December 2014, a 5% strengthening/weakening of SGD against RMB, with all other variables including tax rate being held constant, would decrease/increase profit before tax by approximately $1,629,000 (2013: $1,425,000).

(ii) Price risk

The Group is exposed to securities price risk arising from quoted securities investments held by the Group which are classified on the consolidated balance sheet as available-for-sale. Gains and losses arising from changes in the fair value of these investments are recognised in other comprehensive income and accumulated under equity in the fair value reserve. The performance of the Group's quoted available-for-sale investments are monitored regularly, together with a regular assessment of their relevance to the Group's long term strategic plans. Please refer to Note 14 for the details of the Group available-for-sale investments.

Sensitivity analysis

At 31 December 2014, if the price of quoted and unquoted had been 5% higher/lower with all other variables held constant, other comprehensive income would have been $37,800 (2013: $1,239,750) higher/lower.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities.

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings.

Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which interest expense could be affected by an adverse movement in interest rates. Where necessary, the Group will consider using hedging strategies to reduce exposure to adverse interest rate movements.

The Group periodically reviews its liabilities and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels. If the interest rates had been higher/lower by 1% (2013: 1%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by $116,000 (2013: $132,000) as a result of higher/lower interest expense on these borrowings.

The Company periodically reviews its liabilities and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels. If the interest rates had been higher/lower by 1% (2013: 1%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by $73,000 (2013: $111,000) as a result of higher/lower interest expense on these borrowings.

The exposure of all floating interest bearing borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are 12 months or less.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables.

At the balance sheet date, except for trade and other receivables as disclosed below, there was no other significant concentration of credit risk in any one or group of customers.

Cash and cash equivalents

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Trade and other receivables

The Group's exposure to credit risk in trade and other receivables arises mainly from corporate customers.

To minimise credit risk, management has established a credit policy under which each new credit customer is analysed individually for creditworthiness before the Group's credit terms are offered. Customers who fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

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

In relation to loan receivables, the Group has entered into loan and management service agreements with various parties which are in the business of the provision of medical services, for which the Group provides long term funding for the development, set up and operations of these businesses. The arrangement results in amounts due to the Group which are classified under loan receivables. To assess a prospective party, the Group evaluates among other factors, the party's credit history, current financial position, as well as, its business outlook, taking into account the risks specific to the party, which include its market and industry dynamics, and internal strategic and business plans. Once the prospective party is contracted, the Group, based on past experience and expectations for the future, monitors on an on-going basis the party's planned cash flow projections and earnings, which would indicate if the loan receivables are recoverable when they fall due.

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**	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Corporate guarantees provided:				
– on subsidiaries' loans	–	–	3,648	1,000
– on loans to a related party's subsidiary	–	5,672	–	5,672
– on non-related party's loan	1,400	7,592	1,400	7,592
	1,400	13,264	5,048	14,264

The credit risk for financial assets based on the information provided to key management is as follows:

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Trade and other receivables:				
– Non-current	20,358	49,555	–	–
– Current	74,782	42,005	6,341	24,389
Cash and bank balances	3,157	3,761	1,936	1,675
Available-for-sale financial assets	756	24,795	756	24,795
Recognised financial assets	99,053	120,116	9,033	50,859

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. The remaining financial assets that are neither past due nor impaired are substantially companies with good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Past due 0-30 days	1,763	1,309	–	–
Past due 31-120 days	2,328	2,180	–	–
Past due 121-365 days	1,480	1,271	–	–
	5,571	4,760	–	–

The carrying amount of trade and other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Not past due	18,273	13,622	–	–
Past due over 365 days	3,974	3,461	4,527	–
Less: Allowance for impairment	(22,247)	(17,083)	(4,527)	–
	–	–	–	–

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Beginning of financial year	17,083	2,395	–	–
Allowance made	5,164	14,688	4,527	–
End of financial year	22,247	17,083	4,527	–

The impairment allowance account is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount considered irrecoverable is written off against the trade receivables directly. The impaired trade and other receivables arise mainly from uncertainty in collection. The impaired other receivables of $4,527,000 during the year arose mainly from a related party (Note 12) as it was in capital deficiency position.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 365 days. These receivables are mainly arising by customers that have a good credit track record with the Group.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational demands, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

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. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Contractual cash flows	**Within 1 year**	**Within 1 to 5 years**
	$'000	*$'000*	*$'000*
Group			
2014			
Non-derivative financial liabilities			
Bank loans	13,056	10,035	3,021
Loans	2,150	2,150	–
Finance lease liabilities	1,734	770	964
Trade and other payables	21,242	21,242	–
Corporate guarantees	1,400	1,400	–
	39,582	35,597	3,985
2013			
Non-derivative financial liabilities			
Bank loans	15,331	9,268	6,063
Loans	350	350	–
Finance lease liabilities	1,441	646	795
Bank overdrafts	94	94	–
Trade and other payables	33,930	33,930	–
Corporate guarantees	13,264	13,264	–
	64,410	57,552	6,858

	Contractual cash flows	Within 1 year	Within 1 to 5 years
	$'000	*$'000*	*$'000*
Company			
2014			
Non-derivative financial liabilities			
Bank loans	9,137	7,554	1,583
Loans	2,150	2,150	–
Trade and other payables	1,121	1,121	–
Corporate guarantees	5,048	5,048	–
	17,456	15,873	1,583
2013			
Non-derivative financial liabilities			
Bank loans	14,241	8,178	6,063
Loans	350	350	–
Trade and other payables	17,578	17,578	–
Corporate guarantees	14,264	14,264	–
	46,433	40,370	6,063

(d) ***Capital risk***

The Board's policy is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity and the level of dividends to the ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the borrowers to maintain a gearing ratio of not exceeding 1.25 times (2013: 1.25 times).

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Net debt (interest-bearing debt)	14,029	15,912	8,798	13,432
Net Tangible worth	68,428	76,293	193,844	201,026
Total capital	82,457	92,205	202,642	214,458
Gearing ratio (times)	0.17	0.17	0.04	0.06

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2013 and 2014.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

	Level 1
	$'000
Group	
2014	
Assets	
Available-for-sale financial assets	756

	Level 1
	$'000
Group	
2013	
Assets	
Available-for-sale financial assets	24,795

The fair value of available-for-sale securities traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying amounts of current borrowings approximate their fair values.

(f) ***Financial instruments by category***

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 14 to the financial statements, except for the following:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Loans and receivables	98,297	95,321	8,277	26,064
Financial liabilities at amortised cost	37,421	50,192	12,069	31,360

(g) ***Financial Instruments subject to enforceable master netting arrangements***

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

$'000	**Related amounts set off in the balance sheet**			**Related amounts not set off in the balance sheet**		
As at 31 December 2014	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
	Gross amounts of recognised financial assets	**Gross amounts of recognised financial liabilities set off in the balance sheet**	**Net amounts of financial assets presented in the balance sheet**	**(d)(i), (d)(ii) Financial liability**	**(d)(ii) Cash collateral received**	**Net amount**
Description						
Loan and receivables from counterparty A	9,506	(4,804)	4,702	(2,500)	–	2,202

$'000	**Related amounts set off in the balance sheet**			**Related amounts not set off in the balance sheet**		
As at 31 December 2013	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
	Gross amounts of recognised financial assets	**Gross amounts of recognised financial liabilities set off in the balance sheet**	**Net amounts of financial assets presented in the balance sheet**	**(d)(i), (d)(ii) Financial liability**	**(d)(ii) Cash collateral received**	**Net amount**
Description						
Loan and receivables from counterparty A	19,518	(9,598)	9,920	(2,500)	–	7,420

27. RELATED PARTY TRANSACTIONS

In this financial statements, related party refers to Healthway Medical Development (Private) Limited ("HMD"), which the Group holds a 14% equity interest, and an affiliate of a director of the Group is shareholder of HMD.

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

(a) Related party transactions

	Group	
	2014	**2013**
	$'000	*$'000*
Net advances made to related party	613	11,369
Management and administrative fees received	–	480
Acquisition of available-for-sale financial asset from a related party	–	30,346

(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. The Board of Directors and senior management team are considered as key personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2014	**2013**
	$'000	*$'000*
Wages and salaries	1,022	1,019
Employer's contribution to defined contribution plans, including Central Provident Fund	45	57
	1,067	1,076

Included above are directors' remuneration amounting $568,790 (2013: $250,925).

28. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker ("CODM") that are used to make strategic decisions. 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 two reportable segments, as described below, which are the Group's strategic business units.

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

- Specialist and Wellness Healthcare comprising paediatrics, orthopaedics, aesthetic medicine, obstetrics and gynaecology.

Geographical segments

The Group's operations are mainly in Singapore and China.

Major customer

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

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

	Singapore		China	
	Primary Healthcare	**Specialist and wellness healthcare**	**Specialist and wellness healthcare**	**Total**
	$'000	*$'000*	*$'000*	*$'000*
2014				
Sales				
Total segment sales and sales to external parties	46,233	39,184	249	85,666
EBITDA	10,776	252	(39)	10,989
Less: Net gain on disposal of available-for-sale financial asset	(13,038)	–	–	(13,038)
Adjusted EBITDA	(2,262)	252	(39)	(2,049)
Depreciation	612	733	7	1,352
Amortisation	290	–	2	292

	Singapore		China	
	Primary Healthcare	**Specialist and wellness healthcare**	**Specialist and wellness healthcare**	**Total**
	$'000	*$'000*	*$'000*	*$'000*
2013				
Sales				
Total segment sales and sales to external parties	48,771	31,732	98	80,601
EBITDA	48,956	(3,088)	(13,043)	32,825
Less: Net gain on disposal of available-for-sale financial asset	(43,302)	–	–	(43,302)
Adjusted EBITDA	5,654	(3,088)	(13,043)	(10,477)
Depreciation	605	692	12	1,309
Amortisation	289	–	3	292

The revenue from external parties 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.

(a) Reconciliations

(i) Segment profits

A reconciliation of Adjusted EBITDA to profit before tax is as follows:

	Group	
	2014	**2013**
	$'000	*$'000*
Adjusted EBITDA for reportable segments	(2,049)	(10,477)
Net gain on disposal of available-for-sale financial asset	13,038	43,302
Depreciation	(1,352)	(1,309)
Amortisation	(292)	(292)
Interest income	1,738	1,397
Finance expenses	(1,150)	(1,898)
Profit before tax	9,933	30,723

(b) Geographical information

	Sales for continuing operations	
	2014	**2013**
	$'000	*$'000*
Singapore	85,417	80,503
China	249	98
	85,666	80,601

29. COMMITMENTS

(a) Loan commitments

Loan commitments granted to the owners of medical centres in China are denominated in Chinese Renminbi and the undrawn commitments will expire in December 2015. Undrawn Chinese Renminbi loan commitments at the balance sheet date amounted to Singapore dollar equivalent of approximately $1,745,000 (2013: $534,000).

(b) Operating lease commitments - where the Group is a lessee

The Group leases a number of commercial and office premise under non-cancellable operating lease agreements. The leases typically run for an initial period of two to three years, with an option to renew the lease after that date.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2014	**2013**
	$'000	*$'000*
Not later than one year	7,134	6,135
Between one and five years	5,149	4,481
	12,283	10,616

(c) Corporate Guarantees

The Company has issued corporate guarantees to banks and to a financial institution for credit facilities granted to its subsidiaries and a non-related party as below:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	*$'000*	*$'000*	*$'000*
Corporate guarantees provided:				
– on subsidiaries' loans	–	–	3,648	1,000
– on loans to a related party's subsidiary	–	5,672	–	5,672
– on non-related party's loan	1,400	7,592	1,400	7,592
	1,400	13,264	5,048	14,264

30. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 or later periods and which the Group has not early adopted:

- FRS 103 Business Combinations (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32 Financial instruments: Presentation. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

  The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.

  The Group will apply this amendment for business combinations taking place on/after 1 January 2015.

- FRS 108 Operating Segments (effective for annual periods beginning on or after 1 July 2014).

  The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

  The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)

  The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

  The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

  This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

- FRS 113 Fair Value Measurement (effective for annual period beginning on or after 1 July 2014)

  The amendment clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

31. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Healthway Medical Corporation Limited on 2 April 2015.

(iv) AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2013

Set out below are the audited financial statements of Healthway for the financial year ended 31st December, 2013 as extracted from the published annual report of Healthway for the financial year ended 31st December, 2013, which was prepared in accordance with the generally accepted accounting principles in Singapore. These financial statements were presented in thousands S$ except for per share amounts and as otherwise stated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	Note	**2013** *$'000*	**2012** *$'000*
Revenue	*4*	80,601	81,824
Other income	*5*	7,472	12,424
Other gains	*6*	43,302	3,478
Expenses			
– Medical supplies and consumables used		(11,626)	(11,865)
– Laboratory and related expenses		(5,256)	(4,883)
– Staff costs	*7*	(50,683)	(53,430)
– Depreciation of property, plant and equipment	*18*	(1,309)	(1,225)
– Amortisation of intangible assets	*19*	(292)	(312)
– Rental on operating leases		(7,827)	(8,270)
– Allowance for impairment loss on doubtful receivables	*28(b)*	(14,688)	(520)
– Finance expenses	*8*	(1,898)	(1,247)
– Other operating expenses		(7,073)	(7,786)
Total expenses		(100,652)	(89,538)
Share of loss of associated companies	*16*	–	(80)
Profit before income tax		30,723	8,108
Income tax expense	*9(a)*	(140)	(506)
Total profit		30,583	7,602
Other comprehensive income:			
Items that may be classified subsequently to profit or loss:			
Available-for-sale financial assets			
– Fair value gains	*26*	25,513	53,077
– Reclassification	*26*	(56,336)	(3,478)
		(30,823)	49,599
Currency translation gains/(losses) arising from consolidation		908	(718)
Other comprehensive (losses)/income, net of tax		(29,915)	48,881
Total comprehensive income		668	56,483
Profit attributable to:			
Equity holders of the Company		30,583	7,602
Total comprehensive income attributable to:			
Equity holders of the Company		668	56,483
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic and diluted earnings per share	*10*	1.35	0.35

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

BALANCE SHEET – GROUP AND COMPANY
As at 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
ASSETS					
Current assets					
Cash and cash equivalents	11	3,761	4,656	1,675	1,765
Trade and other receivables	12	42,672	21,854	24,397	3,945
Loan receivables	14	–	18,000	–	–
Inventories	13	2,778	2,670	–	–
Available-for-sale financial assets	15	24,795	50,050	24,795	50,050
		74,006	97,230	50,867	55,760
Non-current assets					
Trade and other receivables	12	1,055	1,287	–	–
Loan receivables	14	48,500	29,742	–	–
Investments in associated company	16	–	–	–	–
Investments in subsidiaries	17	–	–	182,214	143,916
Property, plant and equipment	18	5,715	5,964	–	–
Intangible assets	19	122,475	118,972	645	935
		177,745	155,965	182,859	144,851
Total assets		251,751	253,195	233,726	200,611
LIABILITIES					
Current liabilities					
Trade and other payables	20	35,286	21,174	17,578	1,680
Current income tax liabilities	9(b)	831	81	695	6
Borrowings	21	9,731	14,452	7,982	7,081
		45,848	35,707	26,255	8,767
Non-current liabilities					
Borrowings	21	6,531	3,676	5,800	2,917
Deferred income tax liabilities	24	204	504	–	–
Provisions	23	400	400	–	–
		7,135	4,580	5,800	2,917
Total liabilities		52,983	40,287	32,055	11,684
NET ASSETS		198,768	212,908	201,671	188,927
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	25	204,430	194,726	204,430	194,726
Treasury shares	25	(3,049)	(3,049)	(3,049)	(3,049)
Currency translation reserves		624	(284)	–	–
Fair value reserve	26	18,776	49,599	18,776	49,599
Accumulated losses		(22,013)	(28,084)	(18,486)	(52,349)
Total equity		198,768	212,908	201,671	188,927

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

	Note	Share capital *$'000*	Treasury shares *$'000*	Fair value reserve *$'000*	Currency translation reserve *$'000*	Accumulated losses *$'000*	Total equity *$'000*
2013							
Beginning of financial year		194,726	(3,049)	49,599	(284)	(28,084)	212,908
Issue of new shares	25	10,004	–	–	–	–	10,004
Share issue expenses	25	(300)	–	–	–	–	(300)
Dividend paid	25	–	–	–	–	(24,512)	(24,512)
Total comprehensive income for the year		–	–	(30,823)	908	30,583	668
End of financial year		204,430	(3,049)	18,776	624	(22,013)	198,768
2012							
Beginning of financial year		184,880	(3,049)	–	434	(35,371)	146,894
Issue of new shares	25	10,125	–	–	–	–	10,125
Share issue expenses	25	(279)	–	–	–	–	(279)
Dividend paid	25	–	–	–	–	(315)	(315)
Total comprehensive income for the year		–	–	49,599	(718)	7,602	56,483
End of financial year		194,726	(3,049)	49,599	(284)	(28,084)	212,908

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Total profit		30,583	7,602
Adjustments for:			
– Income tax expense	9(a)	140	506
– Depreciation of property, plant and equipment	18	1,309	1,225
– Amortisation of intangible assets	19	292	312
– Property, plant and equipment written off		129	–
– Allowance for impairment loss on doubtful receivables		14,688	520
– Interest expense	8	1,898	1,247
– Interest income	5	(1,397)	(1,585)
– Share of loss of an associate	16	–	80
– Gain on disposal of available-for-sale financial assets	6	(43,302)	(3,478)
		4,340	6,429
Change in working capital, net of effects from acquisition and disposal of subsidiaries:			
– Inventories		(47)	105
– Trade and other receivables		(1,380)	(5,942)
– Trade and other payables		779	1,783
Cash generated from operations		3,692	2,375
Income tax received/(paid)	9(b)	310	(663)
Net cash provided by operating activities		4,002	1,712
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	31	(262)	–
Additions to property, plant and equipment		(488)	(350)
Additions of intangible assets	19	(3)	–
Proceeds on disposal of property, plant and equipment		316	43
Loans to third parties		(12,853)	(9,742)
Proceeds from sale of available-for-sale financial asset		21,707	3,500
Investment in available-for-sale financial asset		(30,346)	–
Net advances made to a related party		(11,369)	–
Interest income	5	1,397	1,585
Net cash used in investing activities		(31,901)	(4,964)
Cash flows from financing activities			
Fixed deposits pledged	11	98	(176)
Share issue expense	25	(300)	(279)
Proceeds from share issue	25	10,004	10,125
Proceeds from borrowings		34,085	8,050
Repayment of borrowings		(12,823)	(15,384)
Repayment of finance lease liabilities		(546)	(443)
Dividend paid		(1,500)	–
Interest paid		(1,898)	(1,247)
Net cash provided by financing activities		27,120	646
Net decrease in cash and cash equivalents		(779)	(2,606)
Cash and cash equivalents			
Beginning of financial year	11	2,329	4,937
Effects of currency translation on cash and cash equivalents		3	(2)
End of financial year	11	1,553	2,329

Significant non-cash transactions

In 2013, the Group acquired property, plant and equipment with an aggregate cost of $1,086,000 (2012:$1,100,000) of which $598,000 (2012: $750,000) was acquired under finance leases.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

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 2 Leng Kee Road, #06-07 Thye Hong Centre, Singapore 159086.

The principal activities of the Company are those of an investment holding company and to carry on the business of healthcare management. The principal activities of its subsidiaries are set out in Note 17.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2013

On 1 January 2013, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

Amendment to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Group has also adopted the amendment to FRS 1 Presentation of Items of Other Comprehensive Income on 1 January 2013. The amendment is applicable for annual periods beginning on or after 1 July 2012 (with early adoption permitted). It requires items presented in other comprehensive income to be separated into two groups, based on whether or not they may be recycled to profit or loss in the future.

Amendment to FRS 107 *Disclosure-Offsetting Financial Assets and Financial Liabilities*

This amendment includes new disclosures to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This amendment does not have any impact on the accounting policies of the Group. The Group has incorporated the additional required disclosures into the financial statements.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Provision of medical services

Revenue from the provision of medical services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed.

(b) Management and administrative fees

Management and administrative fees are recognised upon completion of services rendered, where it is probable that the benefits will flow to the Group.

(c) Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

(d) Interest income

Interest income is recognised using the effective interest method.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

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

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations 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 the fair value of any contingent consideration arrangement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement 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.

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

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

(iii) Disposals

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

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

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

(b) Transactions with non-controlling interests

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

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies 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 associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group from the date that significant influence commences until the date that significant influence ceases.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in profit or loss.

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

2.4 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. 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 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. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Depreciation

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

	Useful lives
Leasehold improvement	2 to 10 years
Medical equipment	5 to 10 years
Computers	1 to 3 years
Furniture and fittings	5 to 10 years
Office equipment	5 to 10 years
Signboards	2 to 10 years

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 within "Other gains".

2.5 Intangible assets

(a) ***Goodwill on acquisitions***

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of (i) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously-held equity interest in the acquiree over (ii) the fair value of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investments. An impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(b) ***Acquired brands***

Acquired brands have indefinite lives and are initially recognised at cost and are subsequently carried at cost less accumulated impairment losses.

(c) ***Acquired computer software licences and computer software development in progress***

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

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years. Computer software development in progress is not amortised. Amortisation is calculated based on the cost of the asset, less its residual value.

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

2.6 Borrowing costs

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

2.7 Investments in subsidiaries and associated companies

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

2.8 Impairment of non-financial assets

(a) Goodwill, brands and computer software development in progress

Goodwill and intangible assets that have indefinite useful life or that are not yet available for use, recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is 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, exceeds the estimated 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 allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

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

(b) Intangible assets
Property, plant and equipment
Investments in subsidiaries and associated companies

Intangible assets, property, plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

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

An impairment loss for an asset other than goodwill 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.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 12), "loan receivables" (Note 14) and "cash and cash equivalents" (Note 11) on the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non- current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

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 disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offsetted and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of certain subsidiaries, a related party and a non-related party. These guarantees are financial guarantees as they require the Company to reimburse the banks if the specified debtors fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Intra-group financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be recognised to settle the guarantee contract.

All other (non intra-group) financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

2.11 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.

2.12 Trade and other payables

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

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

2.13 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

2.15 Leases

When the Group is the lessee:

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

(i) Lessee – Finance leases

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

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

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

(ii) Lessee – Operating leases

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

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

When the Group is the lessor (operating leases):

(i) Lessor – Operating leases

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

Leases of commercial and office premises to non-related parties where the Group has leased under operating leases (Note 2.15(ii)) are classified as operating leases. Rental income from these operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

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

2.16 Inventories

Inventories comprising pharmacy, medical and surgical supplies are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost formula 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 the estimated costs necessary to make the sale.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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 associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

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

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

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

2.18 Provisions

Provisions 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 amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

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.

2.19 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.

2.20 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 translation 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".

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.

(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.

2.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group's Chief Operating Decision Maker ("CODM") refers to a group comprising of the Group's Executive Chairman; President & Executive Director; Managing Director, Medical Services/Group Medical Director; and Executive Director, Investments. All operating segments' operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly current and deferred tax liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

2.22 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, net of bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.23 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.

When treasury shares are subsequently cancelled, the carrying amounts are netted off 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.

2.24 Distribution of non-cash assets

Dividend payable is recognised when the dividend is appropriately authorised and is no longer at the discretion of the Company. The distribution of non-cash assets as a dividend to its shareholders is measured at the fair value of the assets distributed.

2.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

(a) Use of indefinite lived assumption on brand name

Brand name arises from the acquisition of subsidiaries in 2007 and 2008. In the assessment of the useful life of the brand name, Management has performed an analysis on the relevant factors including the strength and durability of the brand in the industry. Management has also considered the stability and profitability of the market sectors that are of similar risk profiles that the brand relates to. Further, Management considers that its size and market shares mean that the risk of market-related factors causing a reduction in the life of the brand name is considered to be relatively low. The Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factor which could limit its useful life. Based on the mentioned factors, Management concludes that there is no foreseeable limit to the period over which the brand name is expected to generate net cash inflows for the Group and hence, brand name is not amortised. These calculations require the use of estimates (Note 19).

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

(b) Estimated impairment of non-financial assets

Goodwill and brand name with indefinite useful lives are tested for impairment annually and whenever there are indication that they may be impaired. Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating-units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 19).

(c) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

In relation to loan A amounting to $33,000,000 (Note 14), if the net present values of estimated cash flows had been 20% lower from management's estimates, an impairment of loan receivable of approximately $2,400,000 will be required.

In relation to loan B amounting to $15,500,000 (Note 14), if certain key assumptions in the Group's estimation of future cash flows are not met, an additional impairment of loans receivable of approximately $900,000 will be required.

(d) Assessment of non-consolidation of entities managed by the Group

The Group enters into management service contracts with various parties to manage medical centres in Singapore and China. Management has assessed and concluded that the Group does not have the power to govern the financial and operating policies of these medical centres so as to obtain benefits from its activities. The Group does not have control over these medical centres and consequently, the results and financial performance of these medical centres are not consolidated.

(e) Income taxes

Critical accounting judgement is involved in determining the provision for income taxes, in particular over the taxability of certain income. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. At balance sheet date, the Group recognised current income tax payable of $831,000 (2012: $81,000). As management believes that the tax positions currently taken are sustainable, the Group has not recognised any additional tax liability for such expected tax issues. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will have a material impact on the income tax expense in the period in which such determination is made.

4. REVENUE

Revenue represents invoiced value of medical services and administrative and management fees as follow:

	Group	
	2013	**2012**
	$'000	*$'000*
Medical services	78,236	77,984
Management and administrative fees	2,365	3,840
	80,601	81,824

5. OTHER INCOME

	Group	
	2013	**2012**
	$'000	*$'000*
Interest income		
– Bank deposits	11	7
– Loans and receivables from non-related parties	1,386	1,578
	1,397	1,585
Recovery of staff cost		
– non-related party	4,405	8,807
– related party	–	99
	4,405	8,906
Rental income	556	772
Rental of medical equipment	383	359
Others	731	802
	7,472	12,424

6. OTHER GAINS

	Group	
	2013	**2012**
	$'000	*$'000*
Loss on settlement of convertible debt instruments and exercise of options *(Note (a))*	(13,034)	–
Reclassification from comprehensive income on disposal of available-for-sale financial assets *(Note 26)*	56,336	3,478
	43,302	3,478

(a) During the year, the Group issued convertible debt instruments amounting to $23,400,000 (2012: nil). These convertible debt instruments were settled using the Group's available-for-sale financial assets, resulting in a loss of $11,939,000 (2012: nil).

During the year, several investors exercised their options to purchase a portion of the Group's available-for-sale financial assets at a mutually agreed price, resulting in a loss of $1,095,000 (2012: nil).

7. STAFF COSTS

	Group 2013 $'000	2012 $'000
Wages and salaries	48,273	50,989
Employer's contribution to defined contribution plans including Central Provident Fund	2,410	2,441
	50,683	53,430

8. FINANCE EXPENSES

	Group 2013 $'000	2012 $'000
Interest expense		
– Bank borrowings	1,823	1,171
– Finance lease liabilities	75	76
	1,898	1,247

9. INCOME TAXES

(a) Income tax expense

	Group 2013 $'000	2012 $'000
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
Current income tax	1,270	415
Deferred income tax *(Note 24)*	(300)	115
	970	530
– Over provision in prior financial years:		
Current income tax	(830)	(24)
	140	506

	Group 2013	Group 2012
	$'000	*$'000*
Profit before income tax	30,723	8,108
Share of loss of associated company, net of tax	–	80
Profit before income tax and share of loss of associated company	30,723	8,188
Tax calculated at tax rate of 17% (2012: 17%)	5,223	1,392
Effects of		
– different tax rates in other countries	–	189
– over provision in prior years	(830)	(24)
– expenses not deductible for tax purposes	2,801	307
– income not subject to tax	(7,364)	(722)
– tax incentive	–	(591)
– utilisation of previously unrecognised tax losses	(38)	(23)
– deferred tax asset on tax losses not recognised	348	–
– others	–	(22)
Tax charge	140	506

(b) Movement in current income tax liabilities

	Group 2013	Group 2012	Company 2013	Company 2012
	$'000	*$'000*	*$'000*	*$'000*
Beginning of financial year	81	353	6	6
Income tax received/(paid)	310	(663)	–	–
Tax expense	1,270	415	520	–
(Over)/under provision in the prior year	(830)	(24)	169	–
End of financial year	831	81	695	6

10. EARNINGS PER SHARE

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

	Group 2013	Group 2012
Net profit attributable to equity holders of the Company ($'000)	30,583	7,602
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,266,832	2,154,671
Basic earnings per share (cents per share)	1.35	0.35

Diluted earnings per share for the year ended 31 December 2013 and 31 December 2012 are computed on the same basis as basic earnings per share as there were no options and warrants granted and there were no other potential ordinary shares outstanding.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	2013	2012
	$'000	*$'000*	*$'000*	*$'000*
Cash at bank and on hand	1,636	2,434	95	487
Short-term bank deposits	2,125	2,222	1,580	1,278
	3,761	4,656	1,675	1,765

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

	Group	
	2013	2012
	$'000	*$'000*
Cash and bank balances (as above)	3,761	4,656
Less: Bank deposits pledged as collateral for banking facilities	(2,114)	(2,212)
Less: Bank overdrafts *(Note 21)*	(94)	(115)
Cash and cash equivalents per consolidated statement of cash flows	1,553	2,329

The weighted average effective interest rates relating to cash and cash equivalents excluding bank overdrafts, at the balance sheet date for the Group and Company are 0.20% (2012: 0.33%) and 0.22% (2012: 0.15%) respectively. Interest rates reprice at intervals of one month.

Bank deposits pledged represent bank balances of the Company pledged to secure certain banking facilities (refer to Note 21).

Acquisition and disposal of subsidiaries

Please refer to Note 31 for the effects of acquisitions of subsidiaries on the cash flows of the Group.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Current				
Trade receivables	10,260	8,599	2,793	2,796
Unbilled receivables	1,786	1,376	–	–
	12,046	9,975	2,793	2,796
Allowance for impairment loss	(3,461)	(1,903)	–	–
Net receivables	8,585	8,072	2,793	2,796
Deposits	2,026	636	1,100	–
Other receivables – non related companies	11,136	11,524	–	–
Allowance for impairment loss	(420)	(321)	–	–
	10,716	11,203	–	–
Other receivables – related party	20,496	1,124	20,496	1,124
	41,823	21,035	24,389	3,920
Amount due from former shareholders of certain subsidiaries	384	384	–	–
Allowance for impairment loss	(202)	(171)	–	–
Net amount due from former shareholders of certain subsidiaries	182	213	–	–
Prepayments	667	606	8	25
	42,672	21,854	24,397	3,945
Non-current				
Deposits	1,055	1,287	–	–

The amounts due from former shareholders of certain subsidiaries and other receivables from related party are unsecured, interest-free and repayable on demand.

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

13. INVENTORIES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Pharmacy, medical and surgical supplies, at cost	2,778	2,670	–	–

14. LOAN RECEIVABLES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Loan A	33,000	23,000	–	–
Loan B	28,500	23,642	–	–
Allowance for impairment loss	(13,000)	–	–	–
	15,500	23,642	–	–
Loan C	–	1,100	–	–
	48,500	47,742	–	–
Current	–	18,000	–	–
Non-current	48,500	29,742	–	–
	48,500	47,742	–	–

Loan A

The loan is denominated in Singapore dollars and is unsecured. The floating-rate interest is based on DBS Bank Ltd's Prime rate, adjusted on an annual basis. At balance sheet date, the loans bear interest at 4.25% per annum (2012: 4.25%). The borrower is a non-related company that owns medical clinics in Singapore. Under the loan agreement, the Group provides long term funding for the development, setup and operations of the borrower. In accordance with the loan agreement, this loan is expected to be repaid on 15 January 2015. As at the date of these financial statements, the Group is considering to extend the repayment date beyond 15 January 2015, or exercise the option to acquire these medical clinics through the conversion of this loan to form part of the purchase consideration.

Loan B

The loans are made to non-related medical centres in China for the development, setup and operations of these medical centres.

These loans are denominated in Chinese Renminbi and are secured by way of corporate guarantees from the borrowers' holding company. Interest is charged at a rate not exceeding in excess of 10% of the People's Bank of China lending rate of 6.55% (2012: ranging from 6.55% to 7.21%) per annum subject to mutual agreement between both parties. The loans have tenor periods of 10 years and are repayable on 12 August 2020.

An aggregate impairment loss of $13,000,000 (2012: nil) was recognised in profit or loss as this amount was deemed to be impaired in view of the existing operating conditions in China.

Loan C

In 2012, the unsecured loan was denominated in Singapore dollars. The floating-rate interest is based on DBS Bank Ltd's Prime rate, adjusted on an annual basis. At balance sheet date, the loan bears interest at nil% (2012: 4.25%) per annum. The borrower was a company that owned medical clinics in Singapore. Under the loan agreement, the Group provides long term funding for the development, set up and operations of the medical clinics. During the year, the Group acquired the borrower and this loan became a loan between group entities which has been eliminated in the preparation of the consolidation financial statements.

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2013	**2012**
	$'000	*$'000*
Beginning of financial year	50,050	–
Reclassification from investment in associated company *(Note 16)*	–	473
Additions	30,346	–
Fair value gains recognised in other comprehensive income *(Note 26)*	25,513	53,077
Disposals	(81,114)	(3,500)
End of financial year	24,795	50,050

Available-for-sale financial assets are analysed as follows:

	Group and Company	
	2013	**2012**
	$'000	*$'000*
Listed equity securities – Singapore	24,975	–
Unquoted securities	–	50,050
	24,975	50,050

16. INVESTMENTS IN ASSOCIATED COMPANY

	Group		Company	
	2013	2012	2013	2012
	$'000	*$'000*	*$'000*	*$'000*
Equity investment at cost			–	–
Beginning of financial year	–	868		
Addition in investment	–	–		
Share of losses	–	(80)		
Distribution of non-cash assets	–	(315)		
Reclassification to available-for-sale financial assets *(Note 15)*	–	(473)		
End of financial year	–	–		

Name of associate	Country of incorporation	Effective equity held by the Group	
		2013	2012
		%	%
Healthway Medical Development (Private) Limited[(1)]	Singapore	–	–

(1) Audited by PricewaterhouseCoopers LLP, Singapore

In 2012, the Group distributed 11% of its interest in its associate to shareholders. As a result, the Group lost significant influence over Healthway Medical Development (Private) Limited ("HMD"). Accordingly the remaining 14% investment in HMD had been classified as available-for-sale financial assets (Note 15).

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
	$'000	*$'000*
Equity investments at cost	12,343	12,343
Amounts due from subsidiaries (non-trade)	228,281	189,983
Impairment loss	(58,410)	(58,410)
End of financial year	182,214	143,916

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

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

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2013 %	Equity holding 2012 %
Held by the Company				
China Healthway Pte. Ltd. (1)	Investment holding	Singapore	100	100
Healthway Medical Group Pte Ltd (2)	Practice of general medical practitioners	Singapore	100	100
Unimedic Pte. Ltd. (2)	Investment holding	Singapore	100	100
Vista Medicare Pte. Ltd. (1)	Provision of managed healthcare	Singapore	100	100
Held by China Healthway Pte. Ltd.				
China Unimedic Pte. Ltd. (1)	Investment holding	Singapore	100	100
Crane Medical Pte. Ltd. (2)	Investment holding	Singapore	100	100
Held by Unimedic Pte. Ltd.				
Aaron Dentalcare Pte. Ltd. (1)	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Aaron Seow International Pte Ltd (1)	Practice of dental surgery and operation of dental clinics	Singapore	100	100
CLAAS Medical Centre Pte. Ltd. (1)	Investment holding	Singapore	99.9	99.9
Island Orthopaedic Consultants Pte Ltd (1)	Provision of orthopaedic services and operation of medical clinics	Singapore	100	100
Peace Family Clinic & Surgery (AMK) Pte. Ltd. (1)	Practice of general medical practitioners	Singapore	100	100
Peace Family Clinic & Surgery (Anchorvale) Pte. Ltd. (1)	Practice of general medical practitioners	Singapore	100	100
Peace Family Clinic & Surgery (Sembawang) Pte. Ltd. (1)	Practice of general medical practitioners	Singapore	100	100
Picton Medical Centre Pte. Ltd. (1)	Practice of general medical practitioners	Singapore	100	100
Healthway Dental Pte. Ltd. (1)	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Popular Dental (Woodlands) Pte. Ltd. (1)	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Thomson Paediatric Clinic Pte Ltd (2)	Provision of paediatric services and operation of medical clinics	Singapore	100	100

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2013 %	Equity holding 2012 %
Universal Dentalcare Pte Ltd [(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Universal Dental Group (Braddell) Pte. Ltd. [(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Universal Dental Group (Woodlands) Pte. Ltd. [(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
SBCC Clinic Pte Ltd [(1)]	Provision of paediatric services and operation of medical clinics	Singapore	100	100
SBCC Services & Trading Pte Ltd [(1)]	Provision of paediatric services and operation of medical clinics	Singapore	100	100
Silver Cross 21 Pte. Ltd. [(1)]	Under voluntary liquidation	Singapore	100	100
Silver Cross 24 Hrs Pte Ltd	Under voluntary liquidation	Singapore	100	100
Silver Cross AC Pte. Ltd. [(1)]	Under voluntary liquidation	Singapore	100	100
Silver Cross Healthcare Pte Ltd [(2)]	Practice of general medical practitioners	Singapore	100	100
Silver Cross Medical Centre Pte Ltd [(1)]	Under voluntary liquidation	Singapore	100	100
Silver Cross North Pte Ltd [(1)]	Under voluntary liquidation	Singapore	100	100
Held by SBCC Clinic Pte Ltd				
SBCC Women's Clinic Pte. Ltd. [(1), (5)]	Provision of gynaecology services and operation of medical clinics	Singapore	100	–
Held by CLAAS Medical Centre Pte. Ltd.				
BCNG Holdings Pte. Ltd. [(1)]	Provision of services and products related to wellness and beauty	Singapore	100	100
Held by Aaron Seow International Pte Ltd				
Aaron CTP Dental Surgery Pte. Ltd. [(1)]	Practice of dental surgery and operation of dental clinics	Singapore	100	100
Held by Island Orthopaedic Consultants Pte Ltd				
Island Orthopaedic Consultants Holdings Pte. Ltd. [(1)]	Under voluntary liquidation	Singapore	100	100
Held by Crane Medical Pte. Ltd.				
Kang Wei Investment Consultancy (Shanghai) Co., Ltd. [(3)]	Provision of medical services and consultancy	China	100	100

Name of subsidiaries	Principal activities	Country of incorporation	Equity holding 2013	2012
			%	%
Held by Kang Wei Investment Consultancy (Shanghai) Co., Ltd.				
Kang Hong (Shanghai) Medical Equipment Lease Co., Ltd. (4)	Provision of medical services and consultancy	China	100	100

(1) Audited by Sashi Kala Devi Associates

(2) Audited by PricewaterhouseCoopers LLP, Singapore

(3) Audited by RSM China Certified Public Accountants Shanghai Office

(4) Audited by Shanghai Yongming C.P.A Partnership

(5) Acquired during the financial year

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	Medical equipment	Computers	Furniture and fittings	Office equipment	Signboards	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Group							
2013							
Cost							
Beginning of financial year	4,453	4,556	1,741	1,108	789	146	12,793
Additions	785	236	44	(25)	37	9	1,086
Acquired under business combinations *(Note 31)*	102	308	3	6	–	–	419
Disposals	(158)	(670)	(23)	(22)	(52)	(18)	(943)
End of financial year	5,182	4,430	1,765	1,067	774	137	13,355
Accumulated depreciation and impairment losses							
Beginning of financial year	2,020	1,880	1,531	823	479	96	6,829
Depreciation charge	548	516	132	51	54	8	1,309
Disposals	(55)	(376)	(18)	(17)	(24)	(8)	(498)
End of financial year	2,513	2,020	1,645	857	509	96	7,640
Net book value							
End of financial year	**2,669**	**2,410**	**120**	**210**	**265**	**41**	**5,715**
2012							
Cost							
Beginning of financial year	3,875	4,271	1,664	1,057	745	138	11,750
Additions	578	336	77	55	46	8	1,100
Disposals	–	(51)	–	(4)	(2)	–	(57)
End of financial year	4,453	4,556	1,741	1,108	789	146	12,793
Accumulated depreciation and impairment losses							
Beginning of financial year	1,617	1,366	1,359	766	422	88	5,618
Depreciation charge	403	524	172	61	57	8	1,225
Disposals	–	(10)	–	(4)	–	–	(14)
End of financial year	2,020	1,880	1,531	823	479	96	6,829
Net book value							
End of financial year	**2,433**	**2,676**	**210**	**285**	**310**	**50**	**5,964**

The carrying amount of medical equipment held under financial leases are $917,000 (2012: $806,000) at balance sheet date.

19. INTANGIBLE ASSETS

	Goodwill *$'000*	Brand name *$'000*	Computer Software *$'000*	Total *$'000*
Group				
2013				
Beginning of financial year	149,118	27,313	1,653	178,084
Additions	–	–	3	3
Acquisition of subsidiary *(Note 31)*	3,792	–	–	3,792
End of financial year	152,910	27,313	1,656	181,879
Accumulated amortisation and impairment losses				
Beginning of financial year	58,410	–	702	59,112
Amortisation for the year	–	–	292	292
End of financial year	58,410	–	994	59,404
Net book value				
End of financial year	94,500	27,313	662	122,475
2012				
Beginning and end of financial year	149,118	27,313	1,653	178,084
Accumulated amortisation and impairment losses				
Beginning of financial year	58,410	–	390	58,800
Amortisation for the year	–	–	312	312
End of financial year	58,410	–	702	59,112
Net book value				
End of financial year	90,708	27,313	951	118,972

	Computer Software *$'000*
Company	
2013	
Beginning and end of financial year	1,448
Accumulated amortisation and impairment losses	
Beginning of financial year	513
Amortisation for the year	290
End of financial year	803
Net book value	
End of financial year	645
2012	
Beginning and end of financial year	1,448
Accumulated amortisation and impairment losses	
Beginning of financial year	223
Amortisation for the year	290
End of financial year	513
Net book value	
End of financial year	935

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

For the purpose of impairment testing, goodwill and brand name with indefinite lives are allocated to the respective Singapore operating divisions ("cash-generating units" or "CGUs") which represent the lowest level within the Group at which they are monitored for internal management purposes.

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

	Net book value 2012	Impairment 2013	Net book value 2013
	$'000	*$'000*	*$'000*
Group			
Family medicine (comprising up to 40 clinics)	49,313	–	49,313
Dentistry (comprising up to 8 clinics)	6,046	–	6,046
Paediatrics (comprising up to 11 clinics)	31,006	–	31,006
Orthopaedics (comprising up to 3 clinics)	28,560	–	28,560
Wellness and aesthetic (comprising 1 clinic)	3,096	–	3,096
Obstetrics & gynaecology (comprising up to 2 clinics)	3,792	–	3,792
	121,813	–	121,813

The recoverable amount of the respective CGUs was based on their value-in-use. Value-in-use was determined by discounting the future cash flows generated from the continuing use of the CGUs.

Cash flows were projected based on actual operating results, financial budget and targeted revenue growth approved by management covering a period of five years and its projected terminal value. Terminal value for the respective CGU is based on the CGU's estimated Earnings Before Income Tax ("EBIT") from the 6th year, at annual growth rates of 1% to 2% (2012: 1% to 3%) to perpetuity. This is within the long-term average growth rates for various segments of the healthcare industry in Singapore.

In respect of the earnings generated from the CGUs, the other underlying key assumptions used in calculation of the recoverable amounts are outlined below.

- The anticipated annual revenue growth of family medicine, dentistry as well as wellness and aesthetic included in the cash flow projection was approximately 5% (2012: 4%) for years 2014 to 2018.

- The anticipated annual revenue growth of paediatrics and orthopaedics included in the cash flow projection was approximately 7% (2012: 9%) for years 2014 to 2018.

- In 2013, the anticipated annual revenue growth of obstetrics and gynaecology included in the cash flow projection was approximately 7% (2012: nil) for years 2014 to 2018.

- Cost growth rates of 3% (2012: 3%) for the years 2014 to 2018, which takes into consideration expected annual inflation rates in Singapore and expected impact of internal cost containment initiatives since FY2012.

- A discount rate of 7.93% (2012: 7.85%) was applied in determining the recoverable amount of the CGUs. The discount rate used reflect risks specific to the CGUs.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

Based on management's assessment, no impairment loss has been identified for the year ended 31 December 2013 (2012: nil).

For sensitivity analysis of all CGUs, had the estimated EBIT been 1% lower than management's estimates at 31 December 2013, there would be no impairment required.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Trade payables to non-related parties	9,806	9,882	537	412
Deferred income	1,356	738	–	–
Other payable to non-related parties	3,554	6,454	35	326
	14,716	17,074	572	738
Non-trade amounts:				
– due to subsidiaries	–	–	54	488
– due to a related party	16,580	–	16,580	–
	16,580	–	16,634	488
Accruals for operating expenses	3,990	4,100	372	454
	35,286	21,174	17,578	1,680

The non-trade amounts due to subsidiaries and a related party are unsecured, interest-free and repayable on demand.

21. BORROWINGS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Current				
Bank overdrafts *(Note 11)*	94	115	–	28
Bank borrowings	8,703	8,971	7,632	7,053
Loan	350	5,000	350	–
Finance lease liabilities *(Note 22)*	584	366	–	–
	9,731	14,452	7,982	7,081
Non-current				
Bank borrowings	5,800	3,020	5,800	2,917
Finance lease liabilities *(Note 22)*	731	656	–	–
	6,531	3,676	5,800	2,917
Total borrowings	16,262	18,128	13,782	9,998

The carrying value of the borrowings is a reasonable approximation of their fair values.

Fixed rate borrowings amounting $2,415,000 (2012: $8,965,000) have interest rates between 3.5% and 5.0% per annum (2012: 3.6% and 10.0%). The remaining floating rate borrowings have interest rates between 2.3% and 8.8% per annum (2012: 2.2% and 9.7%). The bank overdrafts have interest rates of 2.0% (2012: 1.2%).

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Bank borrowings and loans comprise				
(a) 4-year term loan facilities	858	4,941	722	2,920
(b) Revolving credit facilities	5,935	2,000	5,000	2,000
(c) 3-year term loan facilities	7,710	5,050	7,710	5,050
(d) 1-year loan facility	–	5,000	–	–
(e) Other loans	350	–	350	–
Total borrowings	14,853	16,991	13,782	9,970

(a) These 4-year term loan facilities are denominated in Singapore dollars and are secured by joint and several guarantees from certain directors of the Company. These loans mature in 2014.

(b) These revolving credit facilities are secured by joint and several guarantees from certain directors of the Company. There are no fixed repayment schedules.

(c) These Singapore dollar bank loans are 3-year term loan facilities which are secured by joint and several guarantees from certain directors of the Company. These loans mature in 2014, 2015 and 2016.

(d) The Singapore dollar loan was a 1-year term loan from a non-related party and secured by a corporate guarantee from the Company. Interest was charged at 10% per annum and the loan was fully repaid in 2013.

(e) This comprises of a loan from a shareholder amounting $250,000 (2012: nil) and a loan from a family member of a director amounting $100,000 (2012: nil). The loans are unsecured, interest-free and repayable on demand.

22. FINANCE LEASE LIABILITIES

The Group leases certain plant and equipment from non-related parties under finance leases.

	Group	
	2013	**2012**
	$'000	*$'000*
Minimum lease payments due		
– Not later than one year	646	98
– Between one and five years	795	711
	1,441	1,109
Less: Future finance charges	(126)	(87)
Present value of finance lease liabilities	1,315	1,022

The present values of finance lease liabilities are analysed as follows:

	Group	
	2013	**2012**
	$'000	*$'000*
Not later than one year *(Note 21)*	584	366
Later than one year *(Note 21)*		
– Between one and five years	731	656
Total	1,315	1,022

23. PROVISIONS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Non-current				
Provision for restoration costs	400	400	–	–

Movement in provision for restoration cost is as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Beginning of financial year	400	396	–	–
Provision made	–	4	–	–
End of financial year	400	400	–	–

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

24. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offsetted 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.

Deferred tax liability is expected to be settled after one year.

Movement in deferred income tax account is as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Beginning of financial year	(504)	(389)	–	–
Tax credit/(charge) to				
– profit or loss *(Note 9(a))*	300	(115)	–	–
End of financial year	(204)	(504)	–	–

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 future taxable profits is probable. The Group has unrecognised tax losses of $3,577,000 (2012: $1,751,000) and capital allowances of $73,000 (2012: $73,000) 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.

Group

The movement in deferred income tax liabilities is as follows:

	Accelerated tax depreciation
	$'000
2013	
Beginning of financial year	504
Credit to profit or loss	(300)
End of financial year	204
2012	
Beginning of financial year	389
Charged to profit or loss	115
End of financial year	504

25. SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
	'000	*'000*	*$'000*	*$'000*
Group and Company				
2013				
Beginning of financial year	2,210,736	18,698	194,726	(3,049)
Shares issued	97,500	–	10,004	–
Share issue expenses	–	–	(300)	–
End of financial year	2,308,236	18,698	204,430	(3,049)
2012				
Beginning of financial year	2,075,736	18,698	184,880	(3,049)
Shares issued	135,000	–	10,125	–
Share issue expenses	–	–	(279)	–
End of financial year	2,210,736	8,698	194,726	(3,049)

Ordinary shares

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

Treasury shares

The cost of treasury shares purchased is recorded as a separate category of equity. In 2012, all of these shares were pledged as security for a loan amounting to $15,000,000 extended by a lender to a related party. Under the terms and conditions of the loan agreement, the Group was restricted from disposing these shares or subjecting them to further charges. The loan was fully repaid in 2013, and the treasury shares are no longer pledged.

Issue of ordinary shares

On 5 June 2013, the Company allotted and issued 97,500,000 placement shares (2012: 135,000,000) for $10,004,000 (2012: $10,125,000) to several institutional and individual investors for cash to provide funds for the expansion of the Group's operations. The newly issued shares rank pari passu in all respects to previously issued shares.

Dividends

	Group and Company	
	2013	**2012**
	$'000	*$'000*
Interim dividend of 0.07 cents (2012: nil) per share *(Note (a))*	1,500	–
Distribution of non-cash assets *(Note (b))*	23,012	315
	24,512	315

(a) Pursuant to the approval by shareholders, the Company declared and paid an interim cash dividend of $1,500,000 in March 2013 for the year ended 31 December 2013 to British and Malayan Trustees Limited (the "Trustee") who acted as a Trustee to the shareholders of the Company.

(b) Pursuant to the Dividend in Specie approved by shareholders, the Company declared an interim dividend of $12,999,000 in April for the year ended 31 December 2013. The dividend is made up of 675,324 ordinary shares held by the Company in the share capital of HMD at the interim dividend declaration date. The Dividend in Specie was subsequently settled in September 2013 using 47,942,403 ordinary shares held by the Company in the share capital of International Healthway Corporation Limited ("IHC") which has fair value amounted to $23,012,000 at settlement date.

26. FAIR VALUE RESERVE

	Group and Company	
	2013	**2012**
	$'000	*$'000*
Beginning of financial year	49,599	–
Fair value gain/(loss) on available-for sale financial assets:		
– Net gain on fair value changes during the year	25,513	53,077
– Reclassification to profit or loss on disposal of available-for-sale financial asset	(56,336)	(3,478)
End of financial year	18,776	49,599

27. MOVEMENT IN COMPANY'S ACCUMULATED LOSSES

	(Accumulated losses) *$'000*
2013	
Beginning of financial year	(52,349)
Total comprehensive income for the year	58,375
Distribution of non-cash assets	(24,512)
End of financial year	(18,486)
2012	
Beginning of financial year	(60,245)
Total comprehensive income for the year	8,211
Distribution of non-cash assets	(315)
End of financial year	(52,349)

28. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks.

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 Group 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 and China. The Group's monetary assets and liabilities are principally denominated in Singapore Dollar ("SGD").

The Group's exposure to currency risk principally arises from Chinese Renminbi ("RMB") denominated loans amounting $28,500,000 (2012: $23,642,000) extended to the owner of medical entities in China by a Singapore subsidiary with SGD functional currency.

Apart from these RMB loans, 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.

Sensitivity analysis

As at 31 December 2013, a 5% strengthening/weakening of SGD against RMB, with all other variables including tax rate being held constant, would decrease/increase profit before tax by approximately $1,425,000 (2012: $1,182,000).

(ii) Price risk

The Group is exposed to securities price risk arising from quoted securities investments held by the Group which are classified on the consolidated balance sheet as available-for-sale. Gains and losses arising from changes in the fair value of these investments are recognised in other comprehensive income and accumulated under equity in the fair value reserve. The performance of the Group's quoted available-for-sale investments are monitored regularly, together with a regular assessment of their relevance to the Group's long term strategic plans. Please refer to Note 15 for the details of the Group available-for-sale investments.

Sensitivity analysis

At 31 December 2013, if the price of quoted and unquoted had been 5% higher/ lower with all other variables held constant, other comprehensive income would have been $1,239,750 (2012: $2,502,500) higher/lower.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities.

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings offset by loans to non-related parties at variable rates. The Company's exposure to cash flow interest rate risks arises mainly from borrowings.

Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. Where necessary, the Group will consider using hedging strategies to reduce exposure to adverse interest rate movements.

At balance sheet date, management assessed that an increase/(decrease) of 100 basis points in the interest rate in respect to the interest-earning financial assets and interest-bearing financial liabilities would have no significant impact to the Group and the Company.

The exposure of all floating interest bearing borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet date are 12 months or less.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables and loan receivable.

At the balance sheet date, except for the loan receivables as disclosed in Notes 12 and 14, there was no other significant concentration of credit risk in any one or group of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Most of the Group's credit customers have been transacting with the entities in the Group for a number of years, and there have been no significant losses.

Cash and cash equivalents

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Trade and other receivables

The Group's exposure to credit risk in trade and other receivables arises mainly from corporate customers.

To minimise credit risk, management has established a credit policy under which each new credit customer is analysed individually for creditworthiness before the Group's credit terms are offered. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

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

Loan receivables

The Group has entered into loan and management service agreements with various parties which are in the business of the provision of medical services, for which the Group provides long term funding for the development, set up and operations of these businesses. The arrangement results in amounts due to the Group which are classified under loan receivables. To assess a prospective party, the Group evaluates among other factors, the party's credit history, current financial position, as well as, its business outlook, taking into account the risks specific to the party, which include its market and industry dynamics, and internal strategic and business plans. Once the prospective party is contracted, the Group, based on past experience and expectations for the future, monitors on an on-going basis the party's planned cash flow projections and earnings, which would indicate if the loan receivables are recoverable when they fall due.

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**	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Corporate guarantees provided:				
– on subsidiaries' loans	–	–	1,000	8,250
– on loans to a related party's subsidiary	5,672	5,694	5,672	5,694
– on non-related party's loan	7,592	13,125	7,592	13,125
	13,264	18,819	14,264	27,069

The credit risk for financial assets based on the information provided to key management is as follows:

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Loan receivables:				
– Non-current	48,500	29,742	–	–
– Current	–	18,000	–	–
Trade and other receivables	42,005	21,248	24,389	3,920
Non-current deposits	1,055	1,287	–	–
Cash and bank balances	3,761	4,656	1,675	1,765
Available-for-sale financial assets	24,795	50,050	24,795	50,050
Recognised financial assets	120,116	124,983	50,859	55,735

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. The remaining financial assets and loan receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables and loan receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Past due 0 – 30 days	1,309	2,444	–	–
Past due 31 –120 days	2,180	2,159	–	–
Past due 121–365 days	1,271	680	–	–
	4,760	5,283	–	–

The carrying amount of trade and other receivables and loan receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Not past due	13,622	492	–	–
Past due over 365 days	3,461	1,903	–	–
Less: Allowance for impairment	(17,083)	(2,395)	–	–
	–	–	–	–

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Beginning of financial year	2,395	1,875	–	–
Allowance made	14,688	520	–	–
End of financial year	17,083	2,395	–	–

The impairment allowance account is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount considered irrecoverable is written off against the trade receivables directly. The impaired trade and other receivables arise mainly from uncertainty in collection. The impaired loan receivables of $13,000,000 during the year arise mainly from deteriorating operating conditions in China (Note 14).

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 365 days. These receivables are mainly arising by customers that have a good credit track record with the Group.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational demands, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

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. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Contractual cash flows	**Within 1 year**	**Within 1 to 5 years**
	$'000	*$'000*	*$'000*
Group			
2013			
Non-derivative financial liabilities			
Bank loans	15,331	9,268	6,063
Loans	350	350	–
Finance lease liabilities	1,441	646	795
Bank overdrafts	94	94	–
Trade and other payables	33,930	33,930	–
	51,146	44,288	6,858

	Contractual cash flows	Within 1 year	Within 1 to 5 years
	$'000	*$'000*	*$'000*
2012			
Non-derivative financial liabilities			
Bank loans	12,556	9,427	3,129
Loan	5,362	5,362	–
Finance lease liabilities	1,109	398	711
Bank overdrafts	115	115	–
Trade and other payables	20,436	20,436	–
	39,578	35,738	3,840

	Contractual cash flows	Within 1 year	Within 1 to 5 years
Company			
2013			
Non-derivative financial liabilities			
Bank loans	14,241	8,178	6,063
Loan	350	350	–
Trade and other payables	17,578	17,578	–
	32,169	26,106	6,063
2012			
Non-derivative financial liabilities			
Bank loans	10,481	7,456	3,025
Bank overdrafts	28	28	–
Trade and other payables	1,680	1,680	–
	12,189	9,164	3,025

(d) Capital risk

The Board's policy is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity and the level of dividends to the ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	**Level 3**	**Total**
	$'000	*$'000*	*$'000*
Group			
2013			
Assets			
Available-for-sale financial assets	24,795	–	24,795

	Level 1	**Level 3**	**Total**
	$'000	*$'000*	*$'000*
Group			
2012			
Assets			
Available-for-sale financial assets	–	50,050	50,050

The fair value of available-for-sale securities traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

In 2012, the fair value of available-for-sale securities that are not traded in an active market is measured using inputs for the asset that are not based on observable market data (unobservable inputs). The fair value of these available-for-sale financial assets is valued using recent transaction prices on terms agreed between the Company and the buyers. These instruments are included in Level 3.

(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 and in Note 15 to the financial statements, except for the following:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	*$'000*	*$'000*	*$'000*
Loans and receivables	95,321	74,933	26,064	5,685
Financial liabilities at amortised cost	50,192	38,564	31,360	11,678

(g) ***Financial Instruments subject to enforceable master netting arrangements***

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

$'000 As at 31 December 2013	(a)	(b)	(c)=(a)-(b)	(d)		(e)=(c)-(d)
				Related amounts not set off in the statement of financial position		
	Gross amounts of recognised financial assets	**Gross amounts of recognised financial liabilities set off in the statement of financial position**	**Net amounts of financial assets presented in the statement of financial position**	**(d)(i), (d)(ii) Financial liability**	**(d)(ii) Cash collateral received**	**Net amount**
Description						
Loan and receivables from counterparty A	19,518	(9,598)	9,920	(2,500)	–	7,420

29. RELATED PARTY TRANSACTIONS

In these financial statements, related party refers to HMD, which the Group holds a 14% equity interest, and certain directors of the Group are shareholders of HMD.

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

(a) Related party transactions

	Group 2013 $'000	2012 $'000
Net advances made to related party	11,369	3,799
Management and administrative fees received	480	1,775
Recovery of staff costs	–	99
Acquisition of available-for-sale financial asset from a related party	30,346	–

(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. The Board of Directors and senior management team are considered as key personnel of the Group.

Key management personnel compensation comprised:

	Group 2013 $'000	2012 $'000
Wages and salaries	1,019	1,813
Employer's contribution to defined contribution plans, including Central Provident Fund	57	79
	1,076	1,892

Included above are directors' remuneration amounting $250,925 (2012: $825,955).

30. 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. The CODM considers the business from both a geographical and business segment perspective and regularly reviews internal management reports for each of the business units.

Business segments

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

- Primary Healthcare comprising family medicine, dentistry, healthcare benefit management and investment in strategic medical related business; and
- Specialist & Wellness Healthcare comprising paediatrics, orthopaedics and aesthetic medicine.

Geographical segments

The Group's operations are mainly in Singapore and China.

Major customer

The Group does not rely on a single external customer for 10% or more of the Group's revenue. The segment information provided to the CODM for the reportable segments are as follows:

	Singapore		China	
	Primary Healthcare	**Specialist & Wellness Healthcare**	**Specialist & Wellness Healthcare**	**Total**
	$'000	*$'000*	*$'000*	*$'000*
2013				
Sales				
Total segment sales and sales to external parties	48,771	31,732	98	80,601
EBITDA	48,956	(3,088)	(13,043)	32,825
Net gain on disposal of available-for-sale financial asset	(43,302)	–	–	(43,302)
Adjusted EBITDA	5,654	(3,088)	(13,043)	(10,477)
Depreciation	605	692	12	1,309
Amortisation	289	–	3	292
Segment assets	298,884	60,086	12,718	371,688
Segment assets includes:				
Additions to:				
– property, plant and equipment	392	1,113	–	1,505
– intangible assets	–	3,795	–	3,795
Segment liabilities	39,017	50,784	9,408	99,209

	Singapore		China		
	Primary Healthcare	Specialist & Wellness Healthcare	Specialist & Wellness Healthcare	All other segments	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
2012					
Sales					
Total segment sales and sales to external parties	52,045	29,645	134	–	81,824
EBITDA	13,954	(3,426)	(1,141)	(80)	9,307
Net gain on disposal of available-for-sale financial asset	(3,478)	–	–	–	(3,478)
Adjusted EBITDA	10,476	(3,426)	(1,141)	(80)	5,829
Depreciation	604	606	15	–	1,225
Amortisation	309	–	3	–	312
Share of losses of an associate	–	–	–	(80)	(80)
Segment assets	272,745	62,806	20,960	–	356,511
Segment assets includes:					
Additions to property, plant and equipment	625	475	–	–	1,100
Segment liabilities	24,097	48,208	7,376	–	79,681

The revenue from external parties 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.

(a) Reconciliations

(i) Segment profits

A reconciliation of Adjusted EBITDA to profit before tax is as follows:

	Group 2013 $'000	2012 $'000
Adjusted EBITDA for reportable segments	(10,477)	5,829
Net gain on disposal of available-for-sale financial asset	43,302	3,478
Depreciation	(1,309)	(1,225)
Amortisation	(292)	(312)
Interest income	1,397	1,585
Finance expenses	(1,898)	(1,247)
Profit before tax	30,723	8,108

(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 the elimination of inter-segment assets.

Segment assets are reconciled to total assets as follows:

	Group 2013 $'000	2012 $'000
Segment assets for reportable segments	371,688	356,511
Unallocated:		
Elimination of inter-segment assets	(119,937)	(103,316)
	251,751	253,195

(iii) Segment liabilities

The amounts provided 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 bank borrowings and loans, current and deferred tax liabilities.

Segment liabilities are reconciled to total liabilities as follows:

	Group 2013 $'000	2012 $'000
Segment liabilities for reportable segments	99,209	79,681
Unallocated:		
Bank borrowings and loans	14,853	16,991
Elimination of inter-segment liabilities	(62,114)	(56,970)
Current and deferred tax liabilities	1,035	585
	52,983	40,287

(b) ***Geographical information***

	Sales for continuing operations 2013 $'000	2012 $'000
Singapore	80,503	81,690
China	98	134
	80,601	81,824

	Non-current assets 2013 $'000	2012 $'000
Singapore	152,218	135,285
China	25,527	20,680
	177,745	155,965

31. BUSINESS COMBINATIONS

On 12 August 2013, the Group exercised the option to acquire the entire issued and paid up capital of SBCC Women's Clinic Pte. Ltd. ("SBCCW") from an independent third party. The principal activity of SBCCW is that of provision of obstetrics and gynaecology services and operation of medical clinics. The clinics under SBCCW are synergistic with the Group's existing paediatrics specialist services under the brand name SBCC Baby and Child Clinic. The acquisition is part of the Group's strategy to expand its SBCC network in Singapore and improve its reach to patients.

On 1 October 2013, the Group acquired a medical clinic, PhysioAdvance Clinic, from an independent third party. This clinic provides physiotherapy services and the acquisition is expected to provide synergy with the Group's existing orthopaedic services.

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flow of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	SBCCW	**PhysioAdvance Clink**
	$'000	*$'000*
Cash paid	360	–
Purchase consideration not paid as at end of financial year	–	19
Consideration transferred for the business	360	19

(b) Effect on cash flows of the Group

	SBCCW	**PhysioAdvance Clinic**
	$'000	*$'000*
Cash paid (as above)	360	–
Less: cash and cash equivalents acquired	(98)	–
Cash outflow on acquisition	262	–

(c) Identifiable assets acquired and liabilities assumed

	SBCCW At fair value	**PhysioAdvance Clinic At fair value**
	$'000	*$'000*
Cash and cash equivalents	98	–
Property, plant and equipment *(Note 18)*	400	19
Inventories	61	–
Trade and other receivables *(Note (e) below)*	417	–
Total assets	976	19
Trade and other payables	4,212	–
Borrowings	196	–
Total liabilities	4,408	–
Total identifiable net (liabilities)/assets	(3,432)	19
Add: Goodwill *(Note f)*	3,792	–
Consideration transferred for the business	360	19

(d) Acquisition-related costs

No acquisition-related costs had been incurred.

(e) Acquired receivables

The fair value of trade and other receivables of SBCCW is $417,000 and includes trade receivables with a fair value of $194,000. The gross contractual amount for trade receivables due is $194,000 all of which are expected to be collectible.

There is no acquired trade and other receivables in the acquisition of PhysioAdvance Clinic.

(f) Goodwill

The goodwill of $3,792,000 arising from the acquisition is attributable to the synergy with the Group's existing paediatrics specialist services under the brand name SBCC Baby and Child Clinic.

No goodwill arose from the acquisition of PhysioAdvance Clinic.

(g) Revenue and profit contribution

The acquired business of SBCCW contributed revenue of $634,000 and net loss of $182,000 to the Group from the period from 12 August 2013 to 31 December 2013 while the acquired business of PhysioAdvance Clinic contributed revenue of $42,000 and net loss of $20,000 to the Group from the period from 1 October 2013 to 31 December 2013.

Had SBCCW and PhysioAdvance Clinic been consolidated from 1 January 2013, consolidated revenue and consolidated loss for the year ended 31 December 2013 would have been $1,425,000 and $192,000, and $166,000 and $40,000, respectively.

32. COMMITMENTS

(a) Loan commitments

Loan commitments granted to the owners of medical centres in China are denominated in Chinese Renminbi and the undrawn commitments will expire in December 2014. Undrawn Chinese Renminbi loan commitments at the balance sheet date amounted to Singapore dollar equivalent of approximately $534,000 (2012: $344,000).

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

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

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2013	**2012**
	$'000	*$'000*
Not later than one year	6,135	6,940
Between one and five years	4,481	7,104
	10,616	14,044

33. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2014 or later periods and which the Group has not early adopted:

- FRS 110 *Consolidated Financial Statements* (effective for annual periods beginning on or after 1 January 2014)

  FRS 110 replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities". The same criteria are now applied to all entities to determine control. Additional guidance is also provided to assist in the determination of control where this is difficult to assess. The Group will apply FRS 110 from 1 January 2014, and has not assessed the full impact of the stand to conclude if it has any significant impact on the financial statements of the Group.

- FRS 112 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after 1 January 2014)

  FRS 112 requires disclosure of information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in (1) subsidiaries, (2) associates, (3) joint arrangements and (4) unconsolidated structured entities.

  The Group will apply FRS 112 prospectively from 1 January 2014. FRS 112 will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

34. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Healthway Medical Corporation Limited on 4 April 2014.

2. DIFFERENCES BETWEEN HONG KONG FINANCIAL REPORTING STANDARDS AND SINGAPORE FINANCIAL REPORTING STANDARDS

The unaudited financial statements of Healthway for the year ended 31st December, 2016 and the audited consolidated financial statements of Healthway for each of the three years ended 31st December, 2015, 2014 and 2013 set forth herein have been prepared in accordance with the SFRS. The Company's accounts have been prepared in accordance with the HKFRS.

The Company has conducted a review of the differences between the SFRS and IFRS (which are comparable to HKFRS) by comparing the differences between the accounting policies adopted by the Company and Healthway. Based on this review, the Company understands that the differences between the SFRS and IFRS are not applicable to Healthway's accounts.

In addition, the Company also reviewed the information regarding the SFRS and IFRS provided on the IFRS website (http://www.ifrs.org/use-around-the-world/documents/jurisdiction-profiles/singapore-IFRS-Profile.pdf) and noted that the differences between IFRS and SFRS as provided on the IFRS website are not applicable to Healthway's accounts.

Based on this assessment, the Board believes that there is no principal difference between SFRS and HKFRS as currently adopted by Healthway and the Company respectively which may have a material impact on the financial statements of Healthway.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Directors' and chief executive's interests and short positions in shares and underlying shares of the Company and associated corporations

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Total interests	Approximate percentage of total interests in the issued shares
Number of Shares					
Stephen Riady	—	—	369,800,219 *Note (i)*	369,800,219	74.98
Jark Pui Lee	—	60	—	60	0.00
John Luen Wai Lee	1,031,250	—	—	1,031,250	0.21
Number of ordinary shares in LCR					
Stephen Riady	—	—	6,669,969,389 *Notes (i) and (ii)*	6,669,969,389	72.60

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Total interests	Approximate percentage of total interests in the issued shares
Number of ordinary shares of HK$1.00 each in HKC					
Stephen Riady	—	—	1,315,707,842 *Notes (i) and (iii)*	1,315,707,842	65.84
Jark Pui Lee	469	469	—	938	0.00
John Luen Wai Lee	2,000,270	270	—	2,000,540	0.10
King Fai Tsui	600,000	75,000	—	675,000	0.03

Note:

(i) As at the Latest Practicable Date, Lippo Capital, an associated corporation (within the meaning of Part XV of the SFO) of the Company, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in an aggregate of 369,800,219 Shares, representing approximately 74.98% of the issued shares of the Company. Lanius, an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the holder of 705,690,001 ordinary shares of HK$1.00 each in, representing the entire issued shares of, Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust included, inter alia, Dr. Stephen Riady and other members of the family. Dr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.

(ii) As at the Latest Practicable Date, the Company was indirectly interested in 6,669,969,389 ordinary shares in, representing approximately 72.60% of the issued shares of, LCR.

(iii) As at the Latest Practicable Date, the Company was indirectly interested in 1,315,707,842 ordinary shares of HK$1.00 each in, representing approximately 65.84% of the issued shares of, HKC.

As at the Latest Practicable Date, Dr. Stephen Riady, as a beneficiary of the aforesaid discretionary trust, through his deemed interests in Lippo Capital as mentioned in Note (i) above, was also taken to be interested in the issued shares of the following associated corporations (within the meaning of Part XV of the SFO) of the Company:

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Abital Trading Pte. Limited	Ordinary shares	2	100
Blue Regent Limited	Ordinary shares	100	100
Boudry Limited	Ordinary shares	10	100
	Non-voting deferred shares	1,000	100
Brainy World Holdings Limited	Ordinary shares	1	100
Brimming Fortune Limited	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	Ordinary shares	1	100
Gemdale Properties and Investment Corporation Limited	Ordinary shares	4,706,452,795	29.80
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	Ordinary shares	1	100
HKCL Investments Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	Ordinary shares	2	100
J & S Company Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1	100
	Non-voting deferred shares	15,999,999	100
Lippo Health Care Limited	Ordinary shares	1	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Investments Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
MG Superteam Pte. Ltd.	Ordinary shares	1	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100

As at the Latest Practicable Date, Dr. Stephen Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares in, representing approximately 16.67% of the issued shares of, Lanius which is the holder of the entire issued shares of Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady (father of Dr. Stephen Riady), who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust included, inter alia, Dr. Stephen Riady and other members of the family.

As at the Latest Practicable Date, Dr. Stephen Riady was interested in 20,006,395 ordinary shares in Auric Pacific Group Limited ("Auric"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, held by Silver Creek Capital Pte. Ltd. ("Silver Creek"). Dr. Stephen Riady is the beneficial owner of 70% of the issued shares in Silver Creek. For the reasons mentioned above, through his deemed interests in Lippo Capital, Dr. Stephen Riady was also taken to be interested in 61,927,335 ordinary shares in Auric. Accordingly, Dr. Stephen Riady was interested and taken to be interested in an aggregate of 81,933,730 ordinary shares in, representing approximately 65.19% of the issued shares of, Auric.

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

All the interests stated above represent long positions. Save as disclosed herein, as at the Latest Practicable Date, to the knowledge of the Company:

(1) none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (b) which were required to be entered in the register kept by the Company under Section 352 of the SFO; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; and

(2) none of the Directors and chief executive of the Company nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Dr. Stephen Riady is also a director of each of Lanius and Lippo Capital. Save as disclosed herein, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, the persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group were as follows:

(a) The Company

Name	Number of Shares	Approximate percentage
Lippo Capital	369,800,219	74.98
Lanius	369,800,219	74.98
Dr. Mochtar Riady	369,800,219	74.98
Madam Lidya Suryawaty	369,800,219	74.98

Note (a):

1. Lippo Capital, through its wholly-owned subsidiary, J & S Company Limited, was indirectly interested in 14,699,997 Shares. Together with 355,100,222 Shares owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 369,800,219 Shares in, representing approximately 74.98% of the issued shares of, the Company.

2. Lanius is the holder of the entire issued shares of Lippo Capital and is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. Dr. Mochtar Riady and his wife Madam Lidya Suryawaty were taken to be interested in the Shares under the provisions of the SFO.

3. Lippo Capital's interests in the Shares were recorded as the interests of Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 369,800,219 Shares related to the same block of Shares that Dr. Stephen Riady was interested, details of which are disclosed in the paragraph headed "Disclosure of Interests — Directors' and chief executive's interests and short positions in shares and underlying shares of the Company and associated corporations" in this appendix.

(b) Chung Po Investment Holding Co., Ltd.

Name	Number of ordinary shares	Percentage
Lippo Realty (China) Limited ("LRCL")	1,200,000	60
China Travel Building Contractors Hong Kong Limited	800,000	40

Note (b): LRCL is a wholly-owned subsidiary of the Company. See also (a) above in respect of the substantial shareholders of the Company.

(c) LCR

Name	Number of ordinary shares	Approximate percentage
Skyscraper Realty Limited ("Skyscraper")	6,669,969,389	72.60

Note (c): Skyscraper is indirectly wholly owned by the Company through its wholly-owned subsidiary, First Tower Corporation. See also (a) above in respect of the substantial shareholders of the Company.

(d) Jeremiah Holdings Limited ("Jeremiah")

Name	Number of ordinary shares of S$1.00 each	Percentage
Dragon Board Holdings Limited ("Dragon Board")	779,187	60
Mrs. Endang Utari Mokodompit	519,458	40

Note (d): Dragon Board is a wholly-owned subsidiary of LCR. See also (c) above in respect of the substantial shareholders of LCR.

(e) Nine Heritage Pte Ltd ("Nine Heritage")

Name	Number of ordinary shares	Percentage
Jeremiah	800,000	80
SouthQuay Capital Asia Limited	200,000	20

Note (e): See also (d) above in respect of the substantial shareholders of Jeremiah.

(f) Lippo Select HK & Mainland Property ETF

Name	Number of units	Approximate percentage
World Grand Holding Limited ("World Grand")	1,612,500	97.73

Note (f): World Grand is a wholly-owned subsidiary of LCR. See also (c) above in respect of the substantial shareholders of LCR.

(g) HKC

Name	Number of ordinary shares of HK$1.00 each	Approximate percentage
Hennessy Holdings Limited ("Hennessy")	1,315,707,842	65.84

Note (g): Hennessy is indirectly wholly owned by the Company through its wholly-owned subsidiary, Prime Success Limited. See also (a) above in respect of the substantial shareholders of the Company.

(h) Kingtek Limited ("Kingtek")

Name	Number of ordinary shares of US$1.00 each	Percentage
Masuda Limited ("Masuda")	60	60
Mezquita Incorporated	40	40

Note (h): Masuda is a wholly-owned subsidiary of HKC. See also (g) above in respect of the substantial shareholders of HKC.

(i) Wealthy Place Limited

Name	Number of ordinary shares of US$1.00 each	Percentage
Kingtek	1	50
Masuda	1	50

Note (i): See also (h) above in respect of the substantial shareholders of Kingtek and Masuda.

(j) 北京力寶世紀置業有限公司 (Beijing Lippo Century Realty Co., Ltd.)

Name	Amount of paid up registered capital	Percentage of profit sharing
Uchida Limited ("Uchida")	US$14,400,000	64
Wealtop Limited ("Wealtop")	US$3,600,000	16
北京經濟技術投資開發總公司 (Beijing Economic & Technological Investment Development Corp.)	N/A	20

Note (j): Uchida and Wealtop are both wholly-owned subsidiaries of HKC. See also (g) above in respect of the substantial shareholders of HKC.

(k) The Macau Chinese Bank Limited

Name	Number of ordinary shares of MOP100 each	Percentage
Winwise Holdings Limited ("Winwise")	1,326,000	51
南粵(集團)有限公司 (Nam Yue (Group) Company Limited)	1,040,000	40

Note (k): Winwise is a wholly-owned subsidiary of HKC. See also (g) above in respect of the substantial shareholders of HKC.

(l) Auric Pacific Group Limited ("Auric")

Name	Number of ordinary shares	Approximate percentage
Jeremiah	4,999,283	3.98
Nine Heritage	20,004,000	15.92
Pantogon Holdings Pte Ltd ("Pantogon")	36,165,052	28.78
Goldstream Capital Limited	34,487,811	27.44
Silver Creek Capital Pte. Ltd.	20,006,395	15.92

Note (l): Nine Heritage is a subsidiary of Jeremiah and Pantogon is a wholly-owned subsidiary of LCR. See also (d) above in respect of the substantial shareholders of Jeremiah and (c) above in respect of the substantial shareholders of LCR.

(m) LCR Catering Services Limited

Name	Number of ordinary shares	Percentage
All Around Limited ("All Around")	8,100,000	90

Note (m): All Around is a subsidiary of Auric. See also (l) above in respect of the substantial shareholders of Auric.

(n) Mequestic Investments Limited

Name	Number of ordinary shares of US$1.00 each	Percentage
Charm Fit Pte Ltd ("Charm Fit")	6	60
Aaron Group Limited	4	40

Note (n): Charm Fit is a wholly-owned subsidiary of Auric. See also (l) above in respect of the substantial shareholders of Auric.

(o) DLF (Thailand) Ltd

Name	Number of ordinary shares of THB100.00 each	Approximate percentage
K. Somchai Krunthong	25,500 preference shares	51
Delifrance Asia Ltd. (“Delifrance Asia”)	24,495	48.9
Edmontor Investments Pte Ltd (“Edmontor”)	5	0.1

Note (o): Delifrance Asia and Edmontor are wholly-owned subsidiaries of Auric. See also (l) above in respect of the substantial shareholders of Auric.

All the interests stated above represent long positions. Save as disclosed herein, as at the Latest Practicable Date, none of the substantial shareholders (as defined under the Listing Rules) or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Save as disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no person, other than a Director or chief executive of the Company, who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with the Company or any other member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

The Lippo Group (a general reference to the companies in which Dr. Stephen Riady and his family members have a direct or indirect interest) is not a legal entity and does not operate as one. Each of the companies in the Lippo Group operates within its own legal, corporate and financial framework. As at the Latest Practicable Date, the Lippo Group might have had or developed interests in business in Hong Kong and other parts in Asia similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

The Directors are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and the Directors would comply with the relevant requirements of the Company's articles of association and the Listing Rules whenever a Director has any conflict of interest in the transaction(s) with the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates were considered to have interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group or have or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

6. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

None of the Directors was materially interested in any contract or arrangement which was entered into by any member of the Group and subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31st March, 2016, being the date to which the latest published audited consolidated financial statements of the Company were made up.

7. LITIGATION

In early June 2016, an involuntary bankruptcy petition was filed by certain creditors against CS Mining, LLC ("CS Mining") which is a subsidiary of Skye Mineral Partners, LLC ("Skye"), pursuant to Chapter 11 of the United States Bankruptcy Code (the "Involuntary Petition"). The Involuntary Petition triggered an automatic stay of any enforcement or collection actions against CS Mining. In August 2016, the United States Bankruptcy Court for the District of Utah (the ''Bankruptcy Court'') granted an Order for Relief under Chapter 11 of the United States Bankruptcy Code in respect of CS Mining. CS Mining continues to operate its business and manage its affairs as a debtor-in-possession.

In early June 2016, a complaint was filed by certain investors of Skye against Waterloo Street Limited ("Waterloo"), a wholly-owned subsidiary of LCR, and certain investors of Skye, in which the LCR Group has equity interests (the "Group Entities") and others in Utah state court in Beaver County claiming, among others, damages allegedly suffered by CS Mining in relation to the acquisition by Waterloo of secured loans owed by CS Mining (the "Utah Complaint"). Subsequent to the filing of the Utah Complaint against the Group Entities, Waterloo removed the action to the Bankruptcy Court. Certain investors of Skye sought to have the action remanded back to the state court in Beaver County, Utah, but ultimately the Bankruptcy Court denied the motion to remand.

In July 2016, Waterloo and the Group Entities commenced an adversary proceeding against various members, creditors, managers, and directors of CS Mining, asserting claims for equitable subordination, recharacterization, and tortious interference ("Waterloo Complaint"). Certain defendants answered the Waterloo Complaint and asserted counterclaims against Waterloo and the Group Entities. Other defendants filed a motion to dismiss the Waterloo Complaint. Waterloo and the Group Entities responded to this motion to dismiss. In November 2016, the Bankruptcy Court was set to hear and decide the motion to dismiss, however, the parties agreed to stay the motion and all litigation activities until CS Mining filed its own litigation against various creditors and members.

Subsequently, the above parties attended a scheduling conference and anticipate that the Bankruptcy Court will enter a pre-trial schedule for the adversary matters pending before it.

In February 2017, CS Mining filed several lawsuits in the Bankruptcy Court against some of its creditors, including, inter alia, Waterloo, that has a claim against CS Mining in respect of a loan due from CS Mining to Waterloo, and which loan is secured by certain of CS Mining's assets (the "Waterloo Loan"). In the lawsuit, CS Mining asserts several causes of action against Waterloo with respect to the Waterloo Loan: (i) equitable subordination of the Waterloo Loan, (ii) surcharge against the Waterloo Loan, (iii) recharacterization of the Waterloo Loan as equity, (iv) declaratory judgment seeking to declare a portion of the Waterloo Loan as unallowable unmatured interest, (v) disallowance of all or a portion of the Waterloo Loan, and (vi) breach of contract for failure to reduce the interest rate owed under the Waterloo Loan. Waterloo believes that each of the allegations contained in the lawsuit are without merit after consultation with its lawyers and intends to respond to the lawsuit accordingly.

Save as disclosed herein, so far as the Directors are aware, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against any member of the Group as at the Latest Practicable Date.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date and which are, or may be, material to the Group:

(a) (i) a loan agreement dated 29th May, 2015 (the "Loan Agreement") entered into between Pacific Landmark Holdings Limited ("PLH"), a wholly-owned subsidiary of HKC, and Fortune Code Limited (the "LAAPL Subsidiary"), a subsidiary of Lippo ASM Asia Property Limited ("LAAPL") which is a joint venture of HKC, in respect of a loan advanced by PLH to LAAPL Subsidiary in the aggregate amount of approximately S$53,920,839.43 (the "Loan"); and

(ii) an application letter dated 29th May, 2015 made by PLH to LAAPL for subscription of additional shares in LAAPL for a consideration of S$23,426,145;

(b) (i) a sale and purchase agreement dated 26th June, 2015 entered into between Winwise Holdings Limited ("Winwise"), Winpec Holdings Limited and Discovery Planet Limited, all being wholly-owned subsidiaries of HKC, as vendors and 南粵(集團)有限公司 (Nam Yue (Group) Company Limited or Grupo de Gestão Participações Nam Yue, Limitada) ("Nam Yue") as purchaser in respect of the sale and purchase of 1,040,000 shares of MOP100 each in, representing 40% of, the issued shares of The Macau Chinese Bank Limited ("MCB"), a then wholly-owned subsidiary of HKC, for a consideration of MOP360 million;

(ii) a sale and purchase agreement dated 26th June, 2015 entered into between Winwise as vendor and Mr. Yang Jun as purchaser in respect of the sale and purchase of 234,000 shares of MOP100 each in, representing 9% of, the issued shares of MCB, for a consideration of MOP81 million; and

(iii) a shareholders' agreement dated 27th July, 2015 entered into between Winwise, Nam Yue, Mr. Yang Jun and MCB to, among other things, regulate the relationships between shareholders of MCB;

(c) a loan agreement dated 28th August, 2015 (the "Further Loan Agreement") entered into between PLH and LAAPL Subsidiary in respect of a loan advanced by PLH to LAAPL Subsidiary in the aggregate amount of S$100,000,000 (the "Further Loan");

(d) (i) a conditional equity transfer agreement dated 17th September, 2015 (the "Equity Transfer Agreement") entered into between Super Assets Company Limited ("SACL"), a wholly-owned subsidiary of LCR, as seller, 莆田市湄港新城建設有限公司 (Putian City Mei Gang New Town Development Limited) (the "Fujian Tati Buyer") as buyer, and 福建大地湄洲工業區開發有限公司 (Fujian Tati Meizhou Industrial Park Development Co., Ltd.) ("Fujian Tati") for the disposal of the entire equity interest in Fujian Tati to the Fujian Tati Buyer by SACL for a consideration of approximately RMB235.8 million (subject to adjustments). The principal assets of Fujian Tati are the property interests situated at Shanting Township, Xiuyu District, Putian City, Fujian Province, the PRC, mainly comprising of the land use rights over a total site area of approximately 1,292,400 square metres and the properties erected thereon with a total gross floor area of approximately 27,000 square metres for various purposes;

(ii) a debt assignment agreement dated 17th September, 2015 entered into between 北京力寶商業顧問有限公司 (Beijing Lippo Commercial Consultants Limited) (the "Assignor"), a wholly-owned subsidiary of LCR, the Fujian Tati Buyer and Fujian Tati for the assignment of the debt in the amount of approximately RMB131.6 million due from Fujian Tati to the Assignor (the "Debt") to the Fujian Tati Buyer by the Assignor at a consideration equal to the amount of the Debt; and

(iii) a letter of undertaking dated 17th September, 2015 issued by 莆田力寶商業顧問有限公司 (Putian Lippo Commercial Consultants Limited), a wholly-owned subsidiary of LCR, as covenantor of SACL, in favour of the Fujian Tati Buyer to assume joint liability of SACL in relation to any breach of the representations, warranties and undertakings made by, and the due performance of the obligations of, SACL under the Equity Transfer Agreement;

(e) (i) a sale and purchase agreement dated 28th October, 2015 entered into between Winwise as vendor and Nam Yue as purchaser in respect of the sale and purchase of 416,000 shares of MOP100 each in, representing 16% of, the issued shares of MCB, for a consideration of MOP144 million;

(ii) a sale and purchase agreement dated 28th October, 2015 entered into between Winwise as vendor and Mr. Wong Garrick Jorge Kar Ho (together with Nam Yue, collectively, the "Purchasers") as purchaser in respect of the sale and purchase of 390,000 shares of MOP100 each in, representing 15% of, the issued shares of MCB, for a consideration of MOP135 million; and

(iii) supplemental agreements dated 28th December, 2016 entered into between Winwise and the respective Purchasers to extend the date for obtaining the approval of Autoridade Monetaria e Cambial de Macau (Monetary Authority of the Macao Special Administrative Region of the PRC) from 31st December, 2016 to 30th June, 2017;

(f) a conditional agreement dated 13th November, 2015 entered into between Reiley Inc. ("Reiley") (a wholly-owned subsidiary of LCR) as vendor, Gemdale Properties and Investment Corporation Limited ("Gemdale") and Constant Gain Developments Limited (together with Gemdale, the "Bestbeat Purchasers") for the disposal by Reiley to the Bestbeat Purchasers of two shares of US$1.00 each in Bestbeat Limited ("Bestbeat"), representing the entire issued share capital of Bestbeat, for a consideration of HK$277,937,722 which was satisfied by the allotment and issue of 646,366,795 ordinary new shares in Gemdale at an issue price of HK$0.43 per share. Bestbeat indirectly holds the entire interest in 力寶置業（江蘇）有限公司 (Lippo Realty (Jiangsu) Limited) which holds the land use rights of a piece of land located in Huai'an, Jiangsu Province, the PRC with a site area of approximately 41,000 square metres. On 2nd March, 2016, the above shares in Gemdale were disposed of by Express Kirin Limited (a wholly-owned subsidiary of LCR) to OUE Lippo Limited, a joint venture of OUE Limited ("OUE") which in turn is a principal subsidiary of a joint venture of HKC, at an aggregate consideration of approximately HK$277.9 million;

(g) a loan agreement dated 30th November, 2015 entered into between PLH as lender and LAAPL Subsidiary as borrower for a loan facility in the principal amount of S$38,000,000 (the "New Loan") and the amended and restated loan agreement dated 4th January, 2017 entered into between Polar Step Limited ("PSL"), a wholly-owned subsidiary of HKC, together with other lenders as lenders and the LAAPL Subsidiary as borrower to, among other things, amend certain terms of the New Loan which PLH had assigned all of its rights, interests, benefits and title to PSL, in order that with effect from 4th January, 2017: (i) the interest rate of the New Loan would be amended from 6.5% per annum to 2.25% per annum going forward, and (ii) the repayment date of the New Loan would be amended from 19th October, 2017 to repayable on demand;

(h) an agreement entered into by Sincere Wish Global Limited (a wholly-owned subsidiary of LCR) as buyer on 1st January, 2016 (Hong Kong time) with Malimbu Limited ("Malimbu") as seller for the sale and purchase of one share of US$1.00 in, representing the entire issued share capital of, Waterloo Street Limited ("Waterloo"), and the sums advanced by Malimbu to Waterloo and any sums outstanding and owed by Waterloo to Malimbu, at a consideration of US$22,990,266. The sole investment of Waterloo are the loans owed by CS Mining, LLC to Waterloo in the aggregate principal amount of US$29,750,000 together with interest accrued of approximately US$3.4 million;

(i) (i) an irrevocable undertaking issued by Hennessy Holdings Limited ("Hennessy") (a wholly-owned subsidiary of the Company) on 7th March, 2016 to the manager of OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") (the "REIT Manager"), the trustee-manager of OUE Hospitality Business Trust ("OUE H-BT") (the "Trustee-Manager") and the joint lead managers and underwriters (the "Joint Lead Managers and Underwriters") in relation to the OUE H-Trust Rights Issue (as defined hereinbelow), pursuant to which Hennessy provided certain undertakings to, amongst other things, take up its entitlement to new stapled securities (the "Rights Stapled Securities") in OUE Hospitality Trust ("OUE H-Trust", a stapled group comprising OUE H-REIT and OUE H-BT) under the underwritten and renounceable rights issue of up to 441,901,257 new stapled securities in OUE H-Trust to eligible stapled securities holder on a pro rata basis of 33 rights stapled securities for every 100 existing stapled securities in OUE H-Trust held (the "OUE H-Trust Rights Issue") and the amount payable by Hennessy (as holder of 17,000,000 OUE H-Trust stapled securities) to take up its total provisional allotment of Rights Stapled Securities under the OUE H-Trust Rights Issue was approximately S$3 million. The existing stapled securities in OUE H-Trust are listed on the SGX-ST; and

(ii) an irrevocable undertaking issued by HKC and Golden Concord Asia Limited ("Golden Concord", a subsidiary of LAAPL) and OUE Realty Pte. Ltd. ("OUE Realty", a wholly-owned subsidiary of Golden Concord) on 7th March, 2016 to the REIT Manager, the Trustee-Manager and the Joint Lead Managers and Underwriters, pursuant to which, amongst other things, HKC agreed that it or its wholly-owned subsidiary shall provide sufficient funding to Golden Concord and OUE Realty to enable them to take up their respective entitlements to Rights Stapled Securities under the OUE H-Trust Rights Issue and, in order to provide such funding, Wonder Plan Holdings Limited ("Wonder Plan") (a wholly-owned subsidiary of HKC) as lender entered into an exchangeable loan agreement on 7th March, 2016 with each of Golden Concord and OUE Realty as borrower (the "EL Agreements") for making available the exchangeable loans in the principal amount of approximately S$3.5 million and S$14.9 million respectively (the "EL Loans"). On 20th April, 2016, each of Golden Concord and OUE Realty had delivered an exchange notice to Wonder Plan exercising their exchange right under each of the EL Agreements to exchange the aggregate principal amount of the EL Loans in full into all of the Rights Stapled Securities taken by them under the OUE H-Trust Rights Issue;

(j) an agreement dated 24th March, 2016 entered into between LCR, Cheertop Investments Limited ("Cheertop") (a wholly-owned subsidiary of LCR) as vendor and Legacy Billion Limited as purchaser, for the sale and purchase of 100 ordinary shares and 2 non-voting deferred shares in, representing the entire issued share capital of, Superform Investment Limited ("Superform"), a then wholly-owned subsidiary of Cheertop, and the assignment of the loan due and owing by Superform to LCR from time to time and assigned by LCR to Cheertop immediately prior to completion, at a consideration of approximately HK$372 million. The major asset of Superform is the entire office on the 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong;

(k) (i) on 2nd September, 2016, Hennessy disposed of its holding of 22,610,000 units in OUE H-Trust through married trade to an independent third party for an aggregate consideration of approximately S$14,705,000; and

(ii) on 2nd September, 2016, Wonder Plan disposed of its holding of 6,286,820 units in OUE H-Trust and 9,381,500 units in OUE Commercial Real Estate Investment Trust ("OUE C-REIT", a real estate investment trust listed on the SGX-ST) through married trade to an independent third party for an aggregate consideration of approximately S$4,089,000 and approximately S$6,143,000 respectively and on the same date, Wonder Plan also disposed of its holding of 23,247,824 units in OUE H-Trust through married trade to another independent third party for an aggregate consideration of approximately S$15,142,000;

(l) a loan agreement dated 20th October, 2016 (the "October 2016 Loan Agreement") entered into between PSL as lender and LAAPL Subsidiary as borrower for a loan facility in the maximum principal amount of S$155,000,000 (the "October 2016 Facility");

(m) (i) an assignment dated 20th October, 2016 entered into between PLH, PSL and LAAPL Subsidiary in respect of the assignment by PLH to PSL of all the indebtedness under the Loan Agreement and the Further Loan Agreement and all rights, interests, benefits and title therein; and

(ii) an amended and restated loan agreement dated 20th October, 2016 entered into between, inter alia, PSL and LAAPL Subsidiary pursuant to which the repayment date as well as the interest rate of the Loan and the Further Loan going forward with effect from the date on which the October 2016 Loan Facility was first drawn by LAAPL Subsidiary under the October 2016 Loan Agreement shall be the same as those provided under the October 2016 Loan Agreement;

(n) a letter of exclusivity dated 25th January, 2017 entered into between HKC, Norfyork International Limited ("Norfyork"), a wholly-owned subsidiary of HKC, and Cosenza Investments Limited ("Cosenza") pursuant to which Norfyork has agreed that in consideration of a non-refundable amount of HK$130,000,000 paid by Cosenza to HKC (the "Exclusivity Payment"), it shall grant Cosenza certain exclusivity rights in relation to the negotiation of the proposed sale and purchase (the "Proposed Transaction") of a majority stake in Lippo Securities Holdings Limited, a wholly-owned subsidiary of Norfyork. The Exclusivity Payment is non-refundable and if closing of the

Proposed Transaction takes place, it shall be applied against the consideration payable to Norfyork in relation to the Proposed Transaction; and

(o) (i) On 10th March, 2017, an agreement entered into among the Company, Lippo Worldwide Investments Limited ("Lippo Worldwide"), a wholly-owned subsidiary of the Company, OUE, OUE International Holdings Pte. Ltd. ("OUE International"), a wholly-owned subsidiary of OUE, Caesars Entertainment Corporation, Caesars Korea Holding Company, LLC ("Caesars"), Caesars Enterprises Services, LLC, OCZ Holdings Pte. Ltd., LOCZ Holdings Pte. Ltd. ("LOCZ Holdings"), LOCZ Korea Investment Pte. Ltd., LOCZ Korea Corporation (the "Korea Subsidiary"), RFCZ (UK) Ltd. (the "New JV"), R&F Properties (HK) Co., Ltd. and R&F Korea Co., Ltd. ("R&F-2") (the "Exit Agreement") in respect of (a) the exit of the Group from the project comprising of an integrated resort located in Incheon, Republic of Korea ("Korea"), and (b) the disposal of the entire interest in the issued shares of LOCZ Holdings by Lippo Worldwide to the New JV (the "Disposal"); and (c) matters relating to certain land lots in Woonbook-dong, Jung-gu, Incheon, Korea (the "Phase 2 Land"). At the first closing of the Exit Agreement which took place on 10th March, 2017, the Group received (i) US$10.2 million from the New JV, being the upfront consideration for the Disposal; (ii) US$6.6 million being the refund of the deposits made under the conditional land sale and purchase agreement dated 29th December, 2014, and as amended by an amendment agreement dated 23rd June, 2015 with respect to the proposed purchase of certain land lots in Woonbook-dong, Jung-gu, Incheon, Korea by Lippo Worldwide, OUE International and Caesars (the "Land SPA"); and (iii) approximately US$2.7 million, being the repayment of the Company's advances to the Korea Subsidiary and the consideration for novation of certain professional services agreements which Lippo Worldwide has entered into with certain third party service providers on behalf of the Korea Subsidiary in relation to the development of the serviced residences. Subject to the satisfaction of certain conditions for the second closing of the Exit Agreement including conditions to be satisfied by the New JV, Lippo Worldwide shall receive approximately US$2 million from the New JV as second payment of the consideration for the Disposal. Subject to R&F-2 proceeding with the conditional land sale and purchase agreement for the acquisition of the Phase 2 Land and subject to closing thereof by 30th June, 2017 in accordance with the terms of the Exit Agreement, Lippo Worldwide shall receive US$2 million from R&F-2; and

(ii) On 10th March, 2017, a termination agreement was entered into among MIDAN City Development Co., Ltd., Caesars, OUE International and Lippo Worldwide in respect of the termination of the Land SPA.

9. MISCELLANEOUS

(a) The Secretary of the Company is Mr. Davy Kwok Fai Lee, an associate member of the Chartered Institute of Bankers, and a fellow member of each of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

(b) The registered office of the Company is situated at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

(c) The transfer office of the Company is situated at the office of its registrar, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturday, Sunday and public holiday excluded) at the registered office of the Company which is situate at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong for 14 days from the date of this circular:

(a) the articles of association of the Company;

(b) copies of the material contracts referred to under the paragraph headed "Material contracts" in this appendix;

(c) the published audited consolidated financial statements of the Company for the two financial years ended 31st March, 2015 and 31st March, 2016; and

(d) this circular.

11. LANGUAGE

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.