

# HEALTHWAY MEDICAL CORPORATION LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200708625C)

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## RESPONSES TO QUESTIONS RECEIVED FROM A SHAREHOLDER AND THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) PRIOR TO THE ANNUAL GENERAL MEETING TO BE HELD ON 27 APRIL 2023

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The Board of Directors of Healthway Medical Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the published Annual Report and related documents via SGXNet on 4 April 2023. The Company has received one (1) question from a shareholder by the cut-off date and time of 12 April 2023 (Wednesday) at 5.00 p.m., and three (3) questions from the Securities Investors Association (Singapore) (“**SIAS**”) prior to the Annual General Meeting of the Company which will be convened and held on Thursday, 27 April 2023 at 2.00 pm (Singapore time).

The Board’s responses to these questions are as follow:

### (1) QUESTION FROM SHAREHOLDER

**"The current share price continued to be dismal despite another good set of results for FY2022. While management had emphasised during the last AGM that they are focused on improving shareholders' value in term of business performance, it appeared that there is no alignment or action done to improve the share price, i.e. analysts coverage or maiden dividend from new board. Could management shares, other than good business performance, what other things have been done to ensure the improvement of share price? It is ironic that as compared to 2017 FY report when the company was in a worst shape, the share price then was higher than the current price where the top and bottom line had improved significantly. So, I hope that the board could address the matter. Thank you."**

#### Company’s Response:

The comment in relation to the share price performance is duly noted. The Board is not in a position to predict movement in the share price as it is dependent on various factors both internal and external ones. As mentioned during the last AGM, the Board stands committed and focused on improving the Company’s operational performance with the aim to enhance long-term shareholders’ value through various measures including expansion of the network and business, improving operational excellence and efficiency, exercising prudent balance sheet management and enhanced governance which will lead to an improvement in the share price. However, there are various external factors at play such as the inflationary climate, uncertain global markets caused by war and tensions, which also drive market sentiments and investor interest that will also impact the share price. The Board shall continue to evaluate alternatives to address the matter.

### (2) QUESTIONS FROM SIAS

**QUESTION 1 – For the financial year ended 31 December 2022, the group achieved its third consecutive year of profit and reported revenue of \$159.9 million, representing 14.3% growth compared to \$139.9 million in FY2021.**

The group's performance can be attributed to revenue growth in both the Primary Healthcare and Specialist Healthcare segments. The Primary Healthcare segment experienced a surge in patient volume, resulting in an overall increase in revenue of more than 15% compared to FY2021, while the Specialist Healthcare segment saw a revenue increase of more than 10% year-on-year.

The increase in operating costs was in accordance with higher revenue growth and was mainly attributable to employee costs, costs of medical supplies, consumables, laboratory expenses, depreciation of property, plant, and equipment, and other expenses including upkeeping of equipment and utilities.

Net profit after income tax for FY2022 was \$12.3 million, representing a 15% increase from FY2021.

- (i) **Can management provide insight into any notable trends within the primary healthcare segment in Singapore? What proportion of the revenue generated in FY2022 was COVID-19 related, and how has the group adjusted its operations in light of the scaling back of large-scale pandemic programs?**

Company Response:

Since 13 February 2023, Singapore has moved from DORSCON Yellow to Green and further stepped down its COVID-19 community measures. The demand for Primary Healthcare is ever evolving and growing with an aging population. The Group remains committed to fortify our patient centric approach to meet the changing demands of the Primary Healthcare segment over time.

While the Group participated and was actively involved in various COVID-19 related Government projects during FY21 and most of 1H-FY22, the Group also took active steps to forge ahead with its strategy to strengthen its Primary Healthcare clinic network. To this end, the Group has steadily expanded its network of Primary Healthcare clinics through acquisitions and organic expansion over the last two years. Our Primary Healthcare clinics grew from 53 as at the end of March 2021 to 67 as at the end of March 2023. The Group has also actively invested and expanded its repertoire of service offering under the Specialist Healthcare Segment through organic expansion of its Nobel brand of specialist clinics as well as through the acquisition of Ten Surgery and Ascension Therapy Group.

With the scaling back of the COVID-19 related projects in 2H-FY22, the Group has redeployed its resources to cater to the increase in the patient volume at various Primary Healthcare and Specialist Healthcare Clinics. As a result of the above, the Group's revenue and level of activity during 2H-FY2022 remained resilient and in line with that of 1H-FY2022.

- (ii) **Does the management see opportunities for further consolidation within the sector? Is the group well-positioned to lead any potential market consolidation and is considering doing so?**

Company Response:

Based on Management's understanding, the Primary Healthcare Segment remains fragmented with the top 5 Primary Healthcare service providers contributing to less than

20% share of the private Primary Healthcare Segment. This offers significant room for consolidation. The Group is well positioned for growth through acquisition both in terms of management bandwidth and resources. The Group will continue to explore growth opportunities including acquiring clinics which are accretive, synergistic from either a revenue or cost standpoint and support the Healthier SG initiative to promote quality and preventive care, helping Singaporeans build a trusted lifelong relationship with their family doctors.

**(iii) Do all the group's clinics, both primary healthcare and secondary, use the same in-house Clinic Management System? Is this system fully integrated and optimised for efficiency?**

Company Response:

Yes, all our clinics use the same in-house Clinic Management System (“**CMS**”). The system is fully integrated and optimised to generate operating efficiencies. One of the primary advantages of the CMS is how it allows General Practitioner (“**GP**”) and Specialist (“**SP**”) doctors communicate with ease. A GP can quickly and securely send a referral to a SP through the system.

The CMS also provides a complete overview of a patient's medical history, including previous consultations, diagnoses, prescriptions, and test results. This allows SPs to make informed decisions about a patient's treatment plan when a referral is made and allows them to focus on providing the best possible care.

By streamlining communication and providing access to comprehensive patient records, the CMS saves both time and money for GP and SPs. The system eliminates the need for redundant paperwork and time-consuming phone calls, allowing healthcare professionals to focus on what they do best – caring for their patients.

The Group has, in the last one year, further enhanced its CMS which is currently one of the few clinic management systems in the market which are compliant with the Ministry of Health requirements to support the Healthier SG's objective of introducing a national enrolment exercise for residents to commit to seeing one family doctor throughout their adult lifetime.

**(iv) How advanced is the group's digitalisation strategy in terms of systems, processes, workflow management, and the provision of medical care, such as teleconsultation?**

Company Response:

Technology is reshaping the way patients and healthcare providers interact, but patients remain at the core of this ecosystem. The Group has designed its digitalisation strategy to focus on preventive care and disease management, giving patients timely access to a spectrum of medical assistance and advice to better understand the drivers that impact their health.

Since the launch of the Healthway Medical app in August 2020, the Group has onboarded almost all its GP and SP doctors and provided features that allow for simple medication refill for patients with chronic conditions. The Group has also expanded its digital footprint in the patient journey across all its clinics. Some of the initiatives rolled out include online patient appointment service, queue management alert over the Healthway Medical app, as

well as the integration of the CMS with various Government system services and the back-end financial system.

This is part of the Group's omni-channel, technologically empowered strategy to unify our services and enable patients to better manage and address their individual healthcare concerns in collaboration with our team of healthcare professionals.

**(v) What is the management's perspective on the impact of the Ministry of Health's introduction of Healthier SG on the primary healthcare segment?**

Company Response:

The introduction of Healthier SG is a major transformation of Singapore's healthcare system. Healthier SG seeks to shift the emphasis from reactively caring for those who are sick, to proactively preventing individuals from falling ill.

Management believes that Healthier SG will benefit not only our patients but the general population as a whole. Healthier SG is critical to address challenges associated with an ageing population and increasing prevalence of chronic diseases. Many studies and healthcare models around the world have proven that relationship-based care and place-based care will result in the best patient outcome. This is aligned with the concept of Healthier SG which is anchored on "One Family Doctor and One Health Plan for Everyone".

The Company is focusing on efforts across manpower, operations, and IT so as to be ready to support the Healthier SG initiative. In addition, all our Healthway clinics will be enrolling into Healthier SG to better serve our patients.

**In the Specialist Healthcare Segment, the group has 38 specialists in 11 disciplines. In 2022, the group expanded its service offering through the acquisition of Ten Surgery Group and Ascension Therapy Group, and five new specialists: a Cardiologist, an Ophthalmologist, a Paediatric surgeon, a Psychiatrist and an Endocrinologist, who joined the group under the Nobel brand.**

**(vi) Can management elaborate further on its medical direction? Which are the specialist areas that it will be growing and the reasons for doing so? In addition, can management also help shareholders understand the reasons for managing and operating "Nobel specialist" almost as a stand-alone within the Specialist Healthcare segment (see below).**

**Business segments**

The Group has the following strategic business units.

- Primary Healthcare comprising family medicine, dentistry, healthcare benefit management and investment in strategic medical related business; and
- Specialist Healthcare comprising paediatrics, orthopaedics, obstetrics and gynaecology and Nobel specialist comprising cardiology, gastroenterology, psychiatry, ophthalmology (eye), otorhinolaryngology (ear, nose and throat), general surgery and speech therapy.

**(Source: company annual report; Note 29 Segment information)**

Company Response:

The Group owns and operates multiple Specialist brands under the banner of Island Orthopaedic Consultants, SBCC, SBCC Women, Nobel Specialist, Ten Surgery and

Ascension Therapy Group. (Kindly refer to the Brand Architecture on page 19 of the Annual Report 2022).

We are always reviewing our specialist offering based on the feedback and ‘pulse’ of the patients we serve and balancing that with the available opportunities to grow in that sector with the ultimate goal of better serving the patients.

The “Nobel Specialist” adult specialty unit was acquired by the Group during FY2017 and over the years, it has expanded its network both in terms of number of specialists and specialties. Besides serving its captive patients, the Nobel Specialist clinics also support Primary Healthcare patients requiring specialised care.

All our specialists including those under Nobel Specialist, based on each of their provenance, track record, strengths and target clientele, are given flexibility to operate under their respective brands to further enhance their market share. The Group shall continue to expand its service offering under the Nobel Specialist Segment by adding other specialty disciplines to further support its Primary Healthcare patients.

**QUESTION 2 – As disclosed in the corporate governance report, the company does not have a fixed dividend policy.**

**The form, frequency and quantum of future dividends on the company’s shares that the directors may recommend or declare in respect of any particular financial year or period will be subject to the factors such as the level of the company’s cash and retained earnings; actual and projected financial performance; projected levels of capital expenditure and expansion plans; (d) working capital requirements and general financing conditions; and others.**

**The company has not paid a cash dividend since 2010.**

Security Name	Type	Ex-date	Record date	Payment date	Particulars
HEALTHWAY MEDICAL CORP LTD	ENTITLEMENT	07 Jun 2013	11 Jun 2013	-	DNSPEC 82.29/1K
HEALTHWAY MEDICAL CORP LTD	RIGHTS	20 May 2011	24 May 2011	-	OFFER OF 1 FOR 8 ...
HEALTHWAY MEDICAL CORP LTD	DIVIDEND	20 May 2010	24 May 2010	14 Jul 2010	SCRIP DIVSCHEME S...
HEALTHWAY MEDICAL CORP LTD	RIGHTS	19 Jan 2010	21 Jan 2010	-	OFFER OF 1 FOR 5 ...
HEALTHWAY MEDICAL CORP LTD	DIVIDEND	25 Sep 2009	29 Sep 2009	18 Nov 2009	SCRIP SGD 0.0012 O...
HEALTHWAY MEDICAL CORP LTD	DIVIDEND	19 May 2009	21 May 2009	10 Jul 2009	SGD 0.0012 ONE-TIE...

(Source: <https://www.sgx.com/securities/corporate-actions?value=HEALTHWAY%20MEDICAL%20CORP%20LTD>)

The board has not declared or recommended dividend payments for FY2022, as the company aims to preserve cash for future growth and expansion needs. The company is on “an outlook of being able to recommend for dividend payment in future (page 50)”.

As noted in the consolidated statement of cash flows (page 80), cash and cash equivalents have increased to \$38.4 million.

(i) Could the board provide more information on the decision-making process with regard to dividend payments to shareholders?

Company Response:

In the process of deciding on dividend payments, the Board considers factors such as the level of the Company's cash and retained earnings, actual and projected financial performance, projected levels of capital expenditure and expansion plans, working capital requirements and general financing conditions.

The Board is mindful of achieving a balance between rewarding its shareholders through dividends and preserving cash for future growth. The Group has expanded its network of clinics and medical centres from 93 (as at March 2022) to 115 (as at March 2023) through organic expansions and acquisitions. The Group continues to pursue its growth strategy and improve its operating performance, and in return hopes to enhance shareholders' long-term value through improvement in the share prices. Besides the above, the Board had also considered macro-economic factors such as the inflationary environment we are currently under, and uncertainties caused by factors such as the Russian war and the ongoing global political tensions and cost of financing for growth given interest rate environment.

- (ii) Has the board conducted a benchmark analysis against other healthcare companies listed on the SGX to evaluate the company's financial performance and dividend practices (including yield) relative to its peers?**

Company Response:

The Board has not conducted any benchmark analysis against other healthcare companies dividend practices given that every healthcare provider is at different stages of their respective growth trajectory and each provider would have carved out its own unique strategy to enhance shareholders' value.

As mentioned in our response to Question Q2(i) above, the Group continues to pursue its growth strategy and improve its operating performance, and in return hopes to enhance shareholders' long-term value through improvement in the share prices. The Board will continue to review the topic of dividend payment, based on the requirements of the Company.

- (iii) How does the board balance the company's growth objectives with the commitment to provide regular and steady returns to shareholders, particularly in the form of cash dividends?**

Company Response:

As mentioned in our response to Q2(ii) above, the Group continues to pursue its growth strategy and improve its operating performance, and in return hopes to enhance shareholders' long-term value through improvement in the share prices. The Board will continue to review the issue of dividend payment, with an outlook of being able to recommend such payment in future.

- (iv) The company has accumulated losses of \$(40.1) million as at 31 December 2022. Would the board consider undertaking a capital reduction exercise to reduce the share capital of the company that has been lost or is unrepresented by available assets, i.e. to write off the accumulated losses?**

Company Response:

Noted the suggestion, which has been evaluated by the Management and the Board in the past. The Board shall continue to assess the pros and cons of carrying out a capital reduction exercise and shall notify the shareholders should the Company decides to proceed with a capital reduction exercise.

**QUESTION 3 – On 7 March 2023, the company re-designated Mr Abram Melkyzedeck Suhardiman as the executive vice chairman of the group. The rationale, selection criteria, board diversity considerations and the search and nomination process are required by SGX and have been included in the announcement of appointment template (shown below; emphasis added).**

CHANGE - ANNOUNCEMENT OF APPOINTMENT::RE-DESIGNATION TO EXECUTIVE VICE CHAIRMAN
Date Of Appointment 09/03/2023
Name Of Person Abram Melkyzedeck Suhardiman
Age 34
Country Of Principal Residence Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process) <p>The Board of Directors, after considering the recommendation of the Nominating Committee and having reviewed and considered the qualifications, work experience and performance (including his nearly four years as Executive Director of the Company), and suitability of Mr Abram Melkyzedeck Suhardiman, is of the view that Mr Suhardiman possesses the requisite experience and capabilities to assume the responsibilities of the Executive Vice Chairman of the Company and its subsidiaries ("Group") and that he will continue to contribute positively to the Group.</p> <p>Accordingly, and in line with the Group's succession planning, the Board of Directors approved the re-designation of Mr Suhardiman from his existing role of Executive Director and Deputy Chief Executive Officer to the position of Executive Vice Chairman.</p>
Whether appointment is executive, and if so, the area of responsibility The appointment is executive. Mr. Suhardiman will be responsible for the Group's overall growth strategy and corporate development.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) Executive Vice Chairman

**(Source: company announcement dated 7 March 2023)**

- (i) **Would the company/nominating committee (NC) disclose the selection criteria and the search and nomination process that led to the appointment of Mr Abram**

**Melkyzedeck Suhardiman? Were other candidates shortlisted and interviewed?**

Company Response:

In its consideration, selection and nomination of Mr Abram Melkyzedeck Suhardiman (“**Mr Suhardiman**”) for the role of Executive Vice Chairman (“**Re-designation**”), the NC took into account Mr Suhardiman’s past and existing experience and background, as well as his familiarity with the Group’s operations, in line with the Group’s prevailing and emerging strategic priorities. Mr Suhardiman is instrumental to various transformational initiatives implemented by the Group over the last four years in the areas of achieving costs rationalisation, acquisition and expansion of the Group’s clinic network and digital marketing.

Having considered the several senior management positions held within the Group and the contributions made by Mr Suhardiman, the NC is of the view that Mr Suhardiman possesses the requisite experience and qualifications to assume the responsibilities of the Vice Chairman. The Re-designation is also in line with the Group’s overall succession planning objective to promote organic growth as a means to preserve the Group’s culture while minimising disruption to its practices and workflow.

**(ii) Is there any overlap in responsibilities between the executive vice chairman and the chief executive officer?**

Company Response:

There is no overlap in responsibilities between the Executive Vice Chairman and the Chief Executive Officer. As set out in the Corporate Governance Report, the Executive Vice Chairman assists the Chairman, and is responsible for the Group’s overall growth strategy and corporate development. The CEO is responsible for the overall management and operations of the Group which includes managing and supervising the day-to-day business operations of the Group, regular reporting to the Board on all aspects of the Group’s operations and performance, monitoring and reviewing of risk management function and the operation of the management risk committee.

**(iii) Given that there are no medical doctors on the board or in the management team, how are decisions related to patient/medical care made and is there a risk that operational or financial concerns take priority over medical care decisions?**

Company Response:

Dr Khor Chin Kee (“**Dr Khor**”) sits on the Board of Directors. Dr Khor was appointed as a Non-Independent Non-Executive Director on 1 July 2022. Dr Khor was the co-founder of Healthway Medical Corporation Limited and served as Chief Executive Officer from 1 June 2018 until his retirement last year. The Company is also supported by an Advisory Board which includes Dr Lily Neo, an accomplished medical practitioner with more than 35 years of experience.

The management team brings more than 50 combined years of experience in healthcare. Our CEO Stephens Lo spent 13 years at IHH Healthcare Group where he served as CEO and COO at Mount Elizabeth Hospital, Mount Elizabeth Novena Hospitals and Gleneagles Hospital. Our COO, Ong Hon Yuh, brings more than 10 years of experience in healthcare and has led corporate functions and clinical units spanning strategy, planning and operations functions at IHH Healthcare.



The Company is also supported by a Medical and Ethics Board (“**MEB**”), comprising Dr Philip Koh (Chairman, MEB), Dr Phoon Chiu Yong (Senior Physician), Dr Lim Chien Wei (Senior Physician), Dr Jenny Tang (Senior Consultant Pediatrician) and Dr Marcus Tan (Senior Consultant Psychiatrist and Head of Specialist Division). The MEB examines clinical, patient care and medico-legal issues and supports our doctors in promoting best practices in caring for their patients, latest developments in the medical field, advancing professional excellence in their respective specialties and encouraging continuous education and knowledge in healthcare.

In addition, all the Group’s GPs have access to a cluster head, who in turn reports to the Head of Primary Care, who has a direct reporting line to management. This is the same for specialists, where every specialist has access to a practice director who then reports to the Head of Specialist who also has a direct reporting line to the management.

**(iv) Separately, can the NC elaborate further on the board evaluation process? What are the key findings from the last board evaluation?**

Company Response:

Board evaluation is conducted annually. The process involves the assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director to the effectiveness of the Board.

Specifically, all Directors are required to complete a comprehensive board evaluation questionnaire at each financial year, which seeks the Directors’ views on various aspects of the Board and Board Committee’s performance.

For the Board and Board Committee evaluation, the Directors’ views are also sought on various matters, including: (i) the current and ideal board size and composition; (ii) availability and accessibility of information provided to the Board; (iii) Board processes and accountability; (iv) Board Committee’s performance in discharging their responsibilities; and (v) the existing and expected standard of conduct required from the Directors.

For the individual Director’s performance evaluation, all Directors are required to evaluate their peers in the following areas: (i) interactive skills; (ii) industry or professional expertise and knowledge; (iii) discharge of their duties as Directors (including attendance and participation at meetings); and (iv) professional conduct including compliance with company policies.

Remarks made as well as the points awarded by each Director will be collated by the Company Secretary and presented to the NC for its review and discussion prior to submission to the Board for its review and assessment of the areas of improvement.

At the last evaluation conducted in February 2023, the Directors had concurred that the overall performance of the Board and Board Committee was “consistently good”. The NC and the Directors had also agreed that the recent appointment of Dr Khor to the Board of Directors had contributed to the rejuvenation of the Board given Dr Khor’s familiarity, level of practical knowledge and years of experience in the healthcare and medical care industry.

Likewise, the NC had noted that the overall Directors' performance for FY2022 was rated by the respective Directors to be "consistently good" which is above the average rating mark, with no area of concern noted.

**BY ORDER OF THE BOARD**

Chew Pei Tsing  
Company Secretary

21 April 2023

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

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