HEALTHWAY MEDICAL CORPORATION LIMITED

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

RECEIPT OF NON-BINDING TERM SHEET FOR PROPOSED INTERIM FINANCING FROM LIPPO CHINA RESOURCES LIMITED

The Board of Directors ("**Board**") of Healthway Medical Corporation Limited (the "**Company**") refers to the Straits Times article dated 19 March 2017 titled "Healthway: A tale of how risky loans made a firm sick".

The Board wishes to announce that the Company had on 17 March 2017, received a non-binding draft indicative term sheet from Lippo China Resources Limited ("**LCR**") in relation to a proposed interim financing plan to address the Company's current payroll requirements ("**Proposed Lippo Loan**").

LCR is an indirect holding company of Gentle Care Pte. Ltd. ("**Offeror**"), which has made a voluntary general offer ("**Offer**") for all the issued and paid-up ordinary shares ("**Shares**") of the Company on 7 February 2017. Based on available information as announced, the Offeror and its concert parties hold approximately 21.9% of the Shares as at 15 March 2017 (excluding valid acceptances of the Offer).

The draft indicative term sheet, setting out the brief terms of the Proposed Lippo Loan ("**Lippo Term Sheet**") are, *inter alia*, as follows:

1. Principal amount of S$10 million for a tenure of 12 months.

2. Interest to accrue on the Proposed Lippo Loan at the rate of 5% per annum, calculated on a daily basis;

3. The Proposed Lippo Loan to be secured by a master debenture which will be ranked above unsecured creditors ("**Debenture**");

4. The Proposed Lippo Loan is to be used for the payroll of doctors and nurses only, and will be disbursed by the Offeror or LCR directly to doctors and nurses upon satisfactory supporting documents being produced;

5. The Offeror's nominees to form the majority of the Board upon signing of the Debenture or as soon as the Offer closes. In addition, the Company to appoint a new Chief Executive Officer and Chief Financial Officer nominated by the Offeror upon signing of the Debenture agreement;

6. The Company to organise a town hall meeting between all doctors and nurses and the representatives of the Offeror within 5 working days after signing of the loan agreement;

7. The Company to take all reasonable steps to collect outstanding receivables and shall undertake to use such proceeds to exclusively fund the day-to-day operations of the clinics; and

8. The Company shall not issue or incur any debt or indebtedness or create any encumbrances over any of its assets or undertakings without the prior written consent of the Offeror or LCR.

The Board is evaluating the brief terms set out in the Term Sheet but as such terms are indicative in nature and subject to contract, the Board is unable to deliberate further until it has, *inter alia*, received the definitive documentation.

Meanwhile, the Board is cognizant of its contractual obligations under the subscription agreement entered into with GW Active Limited ("**GW**") dated 16 January 2017 in relation to the proposed issuance of notes for an aggregate principal amount of S$70 million ("**GW Subscription Agreement**"), and such contractual obligations include, *inter alia*, the fulfilment of the conditions precedent for the aforesaid notes issuance to GW, unless the GW Subscription Agreement is terminated or lapsed (as the case may be).

The Board has also received an alternate proposal from GW in order to meet immediate liquidity requirements, after receipt, on 8 March 2017, of the Singapore Exchange Securities Trading Limited's (the "**SGX-ST**") view that the proposed issuance of the initial notes under the GW Subscription Agreement would result in a transfer of controlling interest pursuant to Rule 803 of the Listing Manual Section B: Rules of Catalist of the SGX-ST and accordingly, the issuance of the initial notes should be subject to shareholders' approval.

This alternate proposal from GW is currently under review and would be subject to all regulatory approvals and requirements.

The Company will keep Shareholders updated on any further material developments in relation to the Proposed Lippo Loan and/or the GW Subscription Agreement.

Trading Caution

In the meantime, the Board wishes to advise Shareholders and investors to exercise caution when dealing in the Shares and to refrain from taking any action in relation to their Shares which may be prejudicial to their interests. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers immediately.

Responsibility Statement

The Directors of the Company (including those who have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate, and that there are no material facts not contained in this announcement, the omission of which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement.

BY ORDER OF THE BOARD

Veronica Chan Wee Ping
President
20 March 2017

---

*This announcement has been prepared by the Company and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement. This announcement has not*

been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.