HEALTHWAY MEDICAL CORPORATION LIMITED
(Registration Number: 200708625C)

PROPOSED PLACEMENT OF UP TO 133,300,000 NEW ORDINARY SHARES IN THE CAPITAL OF HEALTHWAY MEDICAL CORPORATION LIMITED AT A PLACEMENT PRICE OF S$0.03 PER SHARE

PLACEMENT OF NEW SHARES

The Board of Directors ("**Board**" or "**Directors**") of Healthway Medical Corporation Limited ("**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 29 August 2016 entered into a conditional placement agreement ("**Placement Agreement**") with KGI Fraser Securities Pte Ltd as placement agent ("**Placement Agent**").

Pursuant to the Placement Agreement, the Company has agreed to issue up to 133,300,000 new ordinary shares in the capital of the Company ("**Placement Shares**") at a placement price of S$0.03 ("**Placement Price**") for each Placement Share ("**Placement**") to raise up to S$3,999,000 and the Placement Agent has agreed to procure the subscription and payment for, the Placement Shares at the Placement Price for each Placement Share on a best efforts basis. A placement commission of 5% of the Placement Price for each Placement Share subscribed, is payable by the Company to the Placement Agent pursuant to the Placement Agreement. The Placement is non-underwritten and there is no moratorium imposed on the Placement Shares.

The Company has decided to undertake the Placement to strengthen its financial position in order to meet its anticipated general working capital requirements and business expansion.

The Placement Shares

The Placement Shares will be placed by the Placement Agent to institutional investors pursuant to Section 274 of the Securities and Futures Act (Chapter 289) of Singapore, and/or accredited investors pursuant to Section 275 of the Securities and Futures Act (Chapter 289) of Singapore.

Conditions precedent and other salient terms

The Placement is conditional upon, *inter alia* the listing and quotation notice ("**LQN**") from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") being obtained for the listing of and quotation for the Placement Shares on the Official List of the SGX-ST.

There will not be any prospectus or offer information statement issued in connection with the Placement as the Placement will be made pursuant to exemptions under Sections 274 and 275 of the Securities and Futures Act (Chapter 289) of Singapore.

PrimePartners Corporate Finance Pte. Ltd., acting as sponsor to the Company, will be submitting an additional listing application to the SGX-ST on behalf of the Company for the listing of and quotation for the Placement Shares on the Official List of the SGX-ST. An announcement will be made in due course to notify the shareholders of the Company when the LQN from the SGX-ST has been obtained.

None of the Placement Shares will be placed to persons within the categories as set out in Rule 812(1) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**") and will be in compliance with Rule 812 of the Catalist Rules.

In addition, the issuance of the Placement Shares will not be made without the prior approval of the Company's shareholders in a general meeting if such issuance would bring about a transfer of controlling interest.

The Placement Shares are intended to be issued pursuant to the general mandate ("**General Mandate**") obtained at the annual general meeting of the Company held on 29 April 2016 ("**AGM**") which authorises the Directors of the Company, pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore and Rule 806 of the Catalist Rules, to allot and issue new shares not exceeding 100% of the Company's total issued ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed 50% of the Company's total number of issued Shares as at the date of the AGM. As at the date of AGM, the Company had 2,308,236,183 Shares in issue. Accordingly, the number of shares that may be issued pursuant to the General Mandate is 2,308,236,183, of which the maximum number of Shares to be issued other than on a *pro rata* basis is 1,154,118,091. As such, assuming the Placement is fully subscribed, the proposed allotment and issuance of 133,300,000 Shares will fall within the limits of the General Mandate.

Assuming that the Placement is fully subscribed, the Placement Shares will represent approximately 5.73% of the Company's existing issued and paid up share capital of 2,326,934,183 Shares as at the date of this announcement.

The Placement Shares shall be issued free from any claims, pledges, mortgages, charges, liens and other encumbrances whatsoever and shall rank, *pari passu*, in all respects with the then existing issued Shares, except that the Placement Shares will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of issue of the Placement Shares.

Upon completion of the Placement and assuming the Placement is fully subscribed, the issued and paid up share capital of the Company will increase to 2,460,234,183 ordinary shares ("**Enlarged Share Capital**") and the Placement Shares will represent approximately 5.42% of the Company's Enlarged Share Capital after completion of the Placement.

The Placement Price

The Placement Price of S$0.03 for each Placement Share represents a premium of approximately 10.7% to the weighted average price of S$0.0271 for trades done on the Company's shares on the SGX-ST for the full market day on 29 August 2016 and was commercially agreed between the Company and the Placement Agent after arm's length negotiations.

Completion

Completion of the Placement shall take place on such date falling within five (5) business days after the satisfaction and/or waiver of all the conditions precedent in the Placement Agreement, or such other date as the parties may agree in writing.

Financial Effects

The following financial effects of the Placement are solely for illustration purposes only and may not be reflective of the actual future financial situation of the Group upon actualisation. Assuming the Placement is fully subscribed, the effects of the Placement on the net tangible asset per share and earnings per share of the Group based on the audited financial statements of the Group for the financial year ended 31 December 2015 are set out in the table below:

	Before the Placement	After the Placement
Net tangible asset per share ("**NTA**") (Singapore cents)	3.00[(1)]	2.99 [(2)]
Earnings per share ("**EPS**") (Singapore cents)	0.072[(3)]	0.068 [(4)]

Notes:

1. NTA before the Placement was computed after taking into consideration the sale of 18,698,000 treasury shares during the current financial year by the Company in June 2016.

2. NTA after the Placement was computed based on the assumption that the Placement was completed on 31 December 2015 (and after taking into consideration the sale of 18,698,000 treasury shares during the current financial year by the Company in June 2016).

3. EPS before the Placement was computed after taking into consideration the sale of 18,698,000 treasury shares during the current financial year by the Company in June 2016.

4. EPS after the Placement was computed based on the assumption that the Placement was completed on 1 January 2015 (and after taking into consideration the sale of 18,698,000 treasury shares during the current financial year by the Company in June 2016).

Use of Net Proceeds

Assuming the Placement is fully subscribed, the estimated net proceeds from the Placement (after deducting estimated expenses pertaining to the Placement of approximately S$249,000 to be borne by the Company) will be approximately S$3,750,000 ("**Net Proceeds**").

The Company intends to allocate the Net Proceeds as follows:

Use of Net Proceeds	**Amount (S$)**	**Percentage Allocation (%)**
Working Capital	1,687,500	45
Expansionary Plan in Singapore	2,062,500	55
Total	3,750,000	100

Pending the deployment of the proceeds for the purposes mentioned above, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Group.

The Company will make periodic announcements on the utilisation of the Net Proceeds from the Placement as and when the funds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the Net Proceeds raised from the Placement in the Company's interim and full year financial statements and the Company's annual report. Where the Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Net Proceeds have been applied in the announcements and the status report. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation.

Confirmation by Directors

The Directors are of the opinion that after taking into consideration its present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding this, the Company has decided to undertake the Placement to strengthen its financial position in order to meet its anticipated general working capital requirements and business expansion.

Interest of Directors and Substantial Shareholders

None of the Directors or substantial shareholders of the Company, as well as their respective associates, has any interest, direct or indirect (other than through their shareholdings in the Company), in the Placement.

Responsibility Statement

The Directors collectively and individually accept full responsibility for accuracy of the information given in this announcement and confirm after making all reasonable enquires, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

Shareholders of the Company are advised to exercise caution when trading in shares of the Company. When in doubt as to the action they should take, shareholders should consult their financial, tax or other advisors.

Documents Available for Inspection

A copy of the Placement Agreement is available for inspection at the registered office of the Company at 2 Leng Kee Road #06-07 Thye Hong Centre Singapore 159086 for 3 months from the date of this Announcement.

BY ORDER OF THE BOARD

Wong Ong Ming, Eric
Non-Executive Non-Independent Chairman
29 August 2016

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*This announcement has been prepared by Healthway Medical Corporation Limited (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.