



**FURTHER UPDATES TO SHAREHOLDERS ON CLAIMS RECEIVED BY THE GROUP AND
CONVENING OF AN INFORMAL CREDITORS' MEETING**

I. UPDATE ON CLAIMS AND/OR DEMANDS RECEIVED BY THE GROUP

The Board of Directors ("**Board**") of International Healthway Corporation Limited ("**Company**") refers to the Company's announcement dated 8 February 2017 and wishes to update its shareholders on the claims and/or demands received by the Company as at the date of this announcement.

1. Mr Kng Pong Sai

On 22 February 2017, the Company received a confirmation from Mr Kng Pong Sai's solicitors that Mr Kng will be withdrawing his statutory demand dated 1 February 2017, whilst reserving his rights against the Company.

2. Mr Fan Kow Hin and/or Mdm Chee Yin Meh

The Company received the following letters from the solicitors of FKH and CYM:

- (i) Letter dated 9 February 2017 addressed to the Company in respect of alleged debts owing to FKH and CYM comprising:
 - (a) the sum of approximately S\$650,182.40 in respect of alleged outstanding balances under shareholder loans extended by FKH to the Company from 2014 to 2016 and unpaid expense claims made by FKH; and
 - (b) the sum of approximately S\$330,000 allegedly advanced by CYM pursuant to a loan agreement dated 1 November 2016; and
- (ii) Letter dated 9 February 2017 addressed to IHCMA in respect of an alleged sum of approximately S\$200,000 in fees allegedly owing to FKH under a management advisory service agreement dated 16 February 2016.

The respective letters state that they are each statutory demands for payment under Section 254(2)(a) read with Section 254(1)(e) of the Companies Act (Cap 50) of Singapore, and unless the sum(s) set out in the respective letters are paid or are secured or compounded to the reasonable satisfaction of FKH and/or CYM (as the case may be) within twenty one days of the date of service of the letter, the Company would be deemed to be unable to pay the debts and FKH and/or CYM (as the case may be) and shall be entitled to present a winding-up application in the High Court for a winding-up order against the Company.

The Board is verifying the claims made by FKH and/or CYM (as the case may be), including the alleged claim amounts, and is also working with the Company's legal advisors to address these claims.

3. BNP Paribas Sdn Bhd ("BNP Paribas")

The Company was informed on or around 18 February 2017 that BNP Paribas' solicitors had previously sent a letter dated 17 January 2017 to the solicitors of IHC Seasons Residences Sdn Bhd, demanding for payment of the following sums allegedly due under the Consent Judgment dated 7 December 2016:-

- (i) the sum of RM 981,825;
- (ii) interest of RM 35,672.98 from 6 November 2013 to 2 October 2014; and
- (iii) interest at the rate of 1% per month on RM 981,825, calculated on a daily basis from 6 November 2013 until date of full and final settlement; and
- (iv) legal costs of RM 35,137.94 in respect of the suit between BNP Paribas and IHC Seasons Residences Sdn Bhd.

The Board is seeking clarification on the above claims by BNP Paribas and will be working with the Company's Malaysian solicitors to address the same.

4. The Company's subsidiaries and/or assets in Wuxi province and/or Shanghai

The Company refers to its announcement on 8 February 2017 relating to litigation involving the Company's subsidiaries before the Courts in China. As announced, the Company had, in 2015, through an indirectly wholly owned subsidiary, Wuxi Yi Lin Real Estate Development Co. Ltd, acquired effective control and ownership over the land on which Wuxi Hospital is located.

In addition, the Company further understands that in January 2015, the Company had also purchased 70.5 % of the issued and paid up capital of Shanghai Yi Lin Medical Equipment Consulting Co. Ltd. As such, notwithstanding the litigations commenced by Dr David Lin and Shanghai Yi Lin Medical Equipment Consulting Co. Ltd, the Company continues to own 70.5% of Wuxi New District Hospital Co. Ltd.

At this point, there are 2 pending claims against Shanghai Yi Lin Medical Equipment Consulting Co. Ltd before the Shanghai Courts – they are by Gao Xin and Weixin Hospital Investment Management (Shanghai) Co. Ltd. In these proceedings, both plaintiffs are seeking declarations that they are fully entitled to the entire issued and paid up capital in Shanghai Yi Lin Medical Equipment Consulting Co. Ltd. The Company and its subsidiaries are vigorously defending these proceedings.

In addition, the Board has recently conducted further inquiries into the affairs of the Company's subsidiaries and assets in the Wuxi province and/or Shanghai. Through this inquiry process, the Board was informed of, amongst other things, the following salient matters:

- (i) The Wuxi National High Technology Business Development Management Committee (无锡国家高新技术产业开发区管理委员会) ("**Wuxi Development Committee**") has issued a notice requiring the Company to submit a development plan within sixty (60) days from 7 February 2017 for the land on which the hospital in Wuxi ("**Wuxi Hospital**") is located, failing which the land may be liable to be confiscated.
- (ii) The Wuxi Development Committee may also require the Company to remit a sum of approximately USD 10 million or RMB 70 million to increase the plot ratio premium for the Wuxi Hospital's land.
- (iii) In addition, the Wuxi Hospital is currently facing the following liabilities:-

- (a) a RMB 6 million short term loan with the Bank of Nanjing Shanghai branch, which will fall due on 12 March 2017;
- (b) a RMB 5.5 million unsecured staff loan bearing interest, which will fall due on 21 March 2017; and
- (c) trade payables of RMB 3.5 million.

The Board is reviewing the above matters and is working with the Company's legal advisors to address the requirements of the Wuxi Development Committee and the liabilities faced by the Wuxi Hospital. The Board will continue to keep its shareholders updated on any material developments involving the Wuxi entities.

II. FURTHER CLAIMS AND/OR DEMANDS RECEIVED BY THE GROUP

In addition, the Board wishes to make an announcement regarding the following further claims received by the Company:

- (i) a claim by Shanghai Zhengchuanben Law Firm (上海市郑传本律师事务所) ("SZLF") against Kang Hui Maternity Centre Services (Shanghai) Co. Ltd ("**Kang Hui Maternity**"), an indirect wholly subsidiary of the Company;
- (ii) a claim by Qi Capital Pte Ltd ("**Qi Capital**") against the Company in HC/S 126/2017;
- (iii) a claim by SG Cash Pte Ltd ("**SG Cash**") against the Company and/or IHC Medical Assets Pte Ltd ("**IHCMA**"), a subsidiary of the Company;
- (iv) a claim by IFS Capital Limited ("**IFS Capital**") against the Company;
- (v) a claim by Tan Eng Soon ("**TES**") against the Company;
- (vi) claims by Celine Kee Guek Keow ("**CKG**") and Yariss Lim Beng Leng ("**YLBL**") against IHC;
- (vii) a claim by Mission Grand Limited ("**MGL**") against the Company in HC/S 206/2016;
- (viii) claims by Mr Fan Kow Hin ("**FKH**") and Mdm Chee Yin Meh ("**CYM**") against the Company and/or IHCMA;
- (ix) a claim by Jenny Chua Lee Hoon ("**JCLH**") against the Company; and
- (x) a claim by Lee Chee Meng ("**LCM**") against the Company,

details of which are set out below.

1. Claim by Shanghai Zhengchuanben Law Firm against Kang Hui Maternity Centre Services (Shanghai) Co. Ltd

On or around 18 November 2016, the Company's previous management received a copy of a reminder letter from SZLF requesting payment of alleged outstanding professional fees of RMB 1 million for legal services rendered to Kang Hui Maternity pursuant to an engagement letter dated 8 May 2015. This matter was brought to the existing Board's attention on 8 February 2017.

Given the existing Board was not involved in or privy to the engagement of the services from SZLF, the Board intends to contact SZLF and the Company's previous management to seek clarifications

in relation to the alleged outstanding fees payable, and enter into discussions with SZLF with a view to reaching a settlement on SZLF's claims.

2. Qi Capital Pte Ltd

On or around 14 February 2017, Qi Capital, a creditor of the Company, commenced proceedings against the Company in HC/S 126/2017 for, amongst other things, the sum of S\$313,159.48, being the alleged sums due and owing to Qi Capital under various invoices for fees in acting as an arranger and/or facilitator in relation to a proposed fund raising exercise by the Company. Qi Capital's claim was served on the Company only on or around 16 February 2017.

The Board is reviewing Qi Capital's claims against the Company and will be working with the Company's legal advisors on addressing these claims as well as the proceedings in HC/S 126/2017.

3. SG Cash Pte Ltd

Pursuant to a Letter of Offer dated 29 November 2016, SG Cash had granted IHCMA certain facilities for a principal sum of S\$200,000 to IHCMA and interest (collectively, the "**SG Cash Facility**"). By way of a Deed of Guarantee dated 29 November 2016, FKH and the Company also jointly and severally guaranteed all monies and/or liabilities owed by IHCMA to SG Cash, including but not limited to the sums due and owing under the SG Cash Facility.

On 13 January 2017, IHCMA received a letter from the solicitors from SG Cash demanding for the sum of S\$9,112, being the first instalment payment, accrued interest and late charges allegedly due and owing to SG Cash under the SG Cash Facility. On 13 January 2017, the Company also received a similar letter from the solicitors for SG Cash demanding for the abovesaid sum of S\$9,112, on the basis that the Company had guaranteed IHCMA's debts to SG Cash. These matters were brought to the existing Board's attention on 17 February 2017.

The Board is reviewing SG Cash's claims against the Company and will be working with the Company's legal advisors to address these claims.

4. IFS Capital Limited

On or around 24 October 2014, IFS Capital ("**IFS Facility**") granted credit facilities to the Company pursuant to a Letter of Offer dated 17 October 2014. In 2017, the Company had also executed a Deed of Assignment in favour of IFS Capital. Pursuant to the Deed of Assignment, the Company had, amongst other things, assigned to IFS Capital its rights, title, interest in and benefits accrued in respect of (i) the balance proceeds from the sale of various Australian properties held by the Company's subsidiaries and (ii) various shareholders' loans due and owing by IHCMA to the Company, as security for all sums due and owing by the Company to IFS Capital, whether under the IFS Facility or otherwise.

On 17 February 2017, the Company received a letter from the solicitors of IFS Capital demanding for the sum of S\$2,587,375.73 plus legal costs and accrued interest due and owing under the IFS Facility. The Board is reviewing IFS Capital's claims against the Company and will be working with its legal advisors to address these claims.

5. Mr Tan Eng Soon

The Company entered into a loan agreement dated 7 October 2016 with TES, for a principal sum of S\$100,000 and interest.

On 10 February 2017, the Company received a letter from TES demanding for the loans due and owing under the abovesaid loan agreement dated 7 October 2016. The Board is reviewing TES'

claims against the Company and will be working with the Company's legal advisors to address these claims.

6. Ms Celine Kee and Ms Yarriss Lim

The Company entered into a loan agreement dated 26 August 2016 with CKG and YLBL, for a principal sum of S\$200,000 and interest. The Company also entered into a separate loan agreement dated 1 December 2016 with CKG, for a principal sum of S\$200,000 and interest.

On 11 February 2017, the Company received a notice from CKG demanding for the loans due and owing under the abovesaid loan agreements dated 26 August 2016 and 1 December 2016. The Board is reviewing CKG's claims against the Company and will be working with the Company's legal advisors to address these claims.

7. Mission Grand Limited

On 7 February 2017, MGL, a creditor of the Company, obtained summary judgment against the Company for the sum of S\$356,399.14 in HC/S 206/2016. This matter was brought to the existing Board's attention on or around 8 February 2017 by the Company's solicitors in HC/S 206/2016.

On or around 20 February 2017, the Company was informed that MGL's solicitors had confirmed on 17 February 2017 that the sum of S\$356,399.14 and interest awarded in favour of MGL pursuant to the summary judgment had been fully satisfied. MGL's solicitors also demanded that the Company pay the sum of S\$10,000 to MGL, being the costs awarded in favour of MGL in respect of the summary judgment. The Board is reviewing MGL's latest claims and will work with the Company's legal advisors to address these claims.

8. Ms Jenny Chua Lee Hoon

On or around 22 February 2017, the Company received a letter from JCLH's solicitors demanding for payment of S\$368,214, pursuant to a loan of S\$250,000 allegedly extended by JCLH to the Company together with accrued interest up to 22 February 2017.

The letter states that it is a statutory demand for payment under Section 254(2)(a) read with Section 254(1)(e) of the Companies Act (Cap 50) of Singapore, and unless the sum set out in the letter is paid or are secured or compounded to the reasonable satisfaction of JCLH within twenty one days of the date of service of the letter, the Company would be deemed to be unable to pay the debts and JCLH shall be entitled to present a winding-up application in the High Court for a winding-up order against the Company.

The Board is verifying the claim by JCLH and will be working with its legal advisors to address the same.

9. Mr Lee Chee Meng

On or around 22 February 2017, the Company received a letter from LCM's solicitors demanding for payment of S\$650,000, pursuant to a loan of S\$500,000 allegedly extended by LCM to the Company together with accrued interest up to 26 January 2017.

The letter states that it is a statutory demand for payment under Section 254(2)(a) read with Section 254(1)(e) of the Companies Act (Cap 50) of Singapore, and unless the sum set out in the letter is paid or are secured or compounded to the reasonable satisfaction of LCM within twenty one days of the date of service of the letter, the Company would be deemed to be unable to pay the debts and LCM shall be entitled to present a winding-up application in the High Court for a winding-up order against the Company.

The Board is verifying the claim by LCM and will be working with its legal advisors to address the same.

III. CONVENING OF INFORMAL CREDITORS' MEETING

The Board proposes to convene an informal meeting of its creditors ("**Creditors' Meeting**") to provide an update to its creditors on the financial position and affairs of the Company. At the Creditors' Meeting, the Company will also be seeking the support of its creditors to allow a standstill of repayment of amounts which may be owing to them, pending:

- (i) the conclusion of the mandatory unconditional cash offer by Treasure International Holdings Pte Ltd (the "**Offeror**"), a directly owned subsidiary of OUE Limited, to acquire all of the issued and paid up ordinary shares in the capital of the Company not already owned, controlled or acquired by the Offeror and parties acting or deemed acting in concert with it (as announced by the Company on 16 February 2017); and
- (ii) OUE Limited's review of the business and financial situation of the Company and its subsidiaries ("**Group**"), with a view to understanding, addressing and, if necessary, restructuring the financing of the Group. Subject to such review, OUE Limited intends to work towards stabilising the Company's business and financial position (as announced by the Company on 21 February 2017).

The Creditors' Meeting will be held on 10 March 2017 at 2.30 p.m. at 9 Battery Road, MYP Centre #25-01, Singapore 049910.

IV. ANY FURTHER UPDATES

The Company will update shareholders via SGXNET on any further development of the abovementioned matters as and when appropriate. Shareholders and potential investors should exercise caution when trading in the shares of the Company. In the meantime, persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

V. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who have been 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 no material facts have been omitted from this announcement, 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

Tay Eng Kiat Jackson
Director
22 February 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, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.