



CLARIFICATION ANNOUNCEMENT ON THE NEWS ARTICLE PUBLISHED IN THE STRAITS TIMES

The Board of Directors (the “Board”) of International Healthway Corporation Limited (the “Company”) refers to the article published in The Straits Times on 10 September 2016 titled “*Receivers take control of IHC’s Australia properties*”.

This clarification should be read in conjunction with the Company’s announcement dated 16 September 2016.

The Company wishes to clarify the following:

1. Appointment of Australian Receivers

The appointment of receivers by Westpac Banking Corporation (“**Westpac**”) and the National Australian Bank (“**NAB**”) (“**Australian Banks**”) over the Company’s three Australian properties is a direct consequence of the disputed appointment of receivers (“**Crest Receivers**”) by a number of funds related to Crest Capital Asia Pte Ltd (“**Crest Funds**”) over the Company’s shares in the Company’s three subsidiaries (“the **Affected Subsidiaries**”) on or around 15 April 2016. The Affected Subsidiaries are the intermediate beneficial owners and/or managers of these three Australian properties.

Crest Receivers subsequently lodged unlawful caveats over the three Australian Properties claiming an interest in the Australian Properties. As there was no legal basis to lodge the caveats, the caveats were voluntarily and unconditionally withdrawn on 13 July 2016. Unfortunately, this lodgement of caveats had caused alarm amongst the Australian Banks.

Prior to the appointment of receivers and managers (“**Australian Receivers**”) by the Australian Banks over the Australian Properties, the Company’s negotiations for the sale of the two St Kilda Road properties to two separate independent third parties were at advanced stages. The proposed gross sale price of the two St Kilda Road properties aggregated to AUD104.25 million, which exceeds the combined total fair value of the said properties at SGD89.81 million (as stated in the published financial statements for the financial year ended 31 December 2015) and represents a substantial gain over the original purchase prices paid by the Company. Westpac and Qualitas Real Estate Finance Pty Ltd (“**Qualitas**”) had always been kept inform of these sale negotiations.

Due to the uncertainties created by the actions of the Crest Receivers, compliance with the various loan arrangements to Westpac and NAB were disrupted. The Australian Trustee (being

the registered proprietor of the Australian Properties) also had difficulties in executing the sales of the two St Kilda Road properties because of this.

In light of the disputed appointment of Crest Receivers, NAB and Westpac on 25 and 26 August 2016 respectively appointed the Australian Receivers over the Company's Australian properties to preserve their interests and procure the fair-value sale of the Company's three Australian Properties in a more transparent manner. It is not the result of liquidity issues related to the mortgage repayments of Australian Properties nor a souring of talks with the Australian Banks.

2. Disclosure Related to Receivership Over the Company's Subsidiaries

The Company had made the required disclosure as per the SGXnet announcement on 3 May 2016, when notification was received that the Crest Funds had appointed receivers over the shares of the Company's three subsidiaries. This was followed by subsequent updates dated 6 May 2016, 8 July 2016, 8 August 2016, 15 August 2016 and 15 September 2016.

Crest Fund's claim of the total amount of S\$34 million outstanding under the loan facility arrangements (including alleged interest and fees as at 31 December 2015) through its Crest Funds to the Company is subject to dispute and is now a matter before the High Court through a suit lodged by the Company.

Of the amount of S\$34 million, only S\$5.26 million was recognized on the Company's balance sheet.

3. Net Assets Position

The total fair value of the three Australian properties, as stated in the latest published financial statements for the financial year ended 31 December 2015, is S\$117,145,000 (approximately AUD114.5 million), a sum well in excess of the outstanding amount of AUD\$68.125 million currently owed to Westpac, NAB and Qualitas.

To the best of the Company's knowledge, the Australian Receivers intend to proceed with the proposed sales of the properties to realise their full potential values. It is a requirement under the Section 420A of the Corporations Act in Australia that receivers must take reasonable care to dispose of the assets at not less than the market price or at the best price that is reasonably obtainable..

As at 30 June 2016, the Company remains in a net assets position of S\$207.3 million. The Group's businesses in various countries in which it operates in, continues uninterrupted. As always, the Company is continuously working to seek funding options to optimise its costs of financing, and to maintain leverage to fund its investments and to meet its liabilities as and when they fall due. The Company is mindful of its obligations to its noteholders and, as part of its business process, will seek and review options to attain an optimal funding mix.

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

BY ORDER OF THE BOARD

Lim Beng Choo
Executive Director
16 September 2016

*This announcement has been prepared by International Healthway 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.