HEALTHWAY MEDICAL CORPORATION LIMITED

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

INTERESTED PERSON TRANSACTIONS ENTERED INTO BY THE GROUP WITH OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

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1. INTRODUCTION

The Board of Directors of the Company (the "**Board**") wishes to announce that the Company has on 30 July 2020 accepted the letter of offer (the "**LOO**") issued by DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**")) ("**DBS Trustee**") in relation to the lease of the Premises (as defined below). This is a renewal of the existing lease agreements between the Company and DBS Trustee in respect of the Premises.

Pursuant to the LOO:

(a) the units situated at #10-09, #10-09A and #10-11 of 6 Shenton Way, OUE Downtown 2, Singapore 068809 (the "**Premises**") would be leased to the Company for a period of three (3) years commencing on 1 August 2020 and expiring on 31 July 2023 ("**Term**"); and

(b) the Term comprises a rebate on the rent and service charge payable for the units situated at #10-09 and #10-09A of the Premises for one (1) month between 1 July 2023 to 31 July 2023 ("**Rental Rebate**").

The terms of the LOO were negotiated and made on normal commercial terms at arm's length basis.

2. DETAILS OF THE INTERESTED PERSON

OUE C-REIT is a joint venture of Hongkong Chinese Limited which in turn is a 73.95% subsidiary of Lippo Limited ("**Lippo**"). Lippo is owned as to 74.98% by Lippo Capital Limited ("**Lippo Capital**") which is a 60.00% subsidiary of Lippo Capital Holdings Company Limited ("**Lippo Capital Holdings**"). Lippo Capital Group Limited ("**Lippo Capital Group**") owns 100.00% of the issued share capital of Lippo Capital Holdings, and Lippo Capital Group is wholly owned by Dr Stephen Riady. Lippo, through its 74.99% subsidiary, Lippo China Resources Limited ("**LCR**"), is deemed to be interested in approximately 40.91% of the entire issued shares of the Company and hence each of LCR, Lippo, Lippo Capital, Lippo Capital Holdings, Lippo Capital Group and Dr Stephen Riady is deemed as a controlling shareholder of the Company. Dr Stephen Riady is also a director of the Company.

Each of Lippo, Lippo Capital, Lippo Capital Holdings, Lippo Capital Group and Dr Stephen Riady (together, the "**Relevant Persons**") is also deemed to be interested in approximately 49.03% of the units in OUE C-REIT. Accordingly, OUE C-REIT is regarded as an associate of each of the Relevant Persons and therefore an "interested person" within the meaning of Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

3. INTERESTED PERSON TRANSACTION ("IPT") AND RULE 916(1) OF THE CATALIST RULES

As the LOO is entered into between the Company and an associate of the Company's controlling shareholders and director, the transaction would constitute an IPT under Chapter 9 of the Catalist Rules.

The total transaction value (excluding goods and services tax), which comprises the monthly rental and the service charge based on current rate, for the duration of the Term is approximately S$2,339,241 ("**IPT Value**") and represents approximately 7.27% of the latest audited net tangible assets ("**NTA**") of the Company and its subsidiaries (collectively, the "**Group**"). The Group's latest audited NTA as at 31 December 2019 was S$32,188,000. As the IPT Value is more than 5% of the Group's latest audited NTA, pursuant to Rule 906 of the Catalist Rules, the Company's entry into the LOO would require the approval of the Company's shareholders ("**Shareholders**").

However, the lease is for a period not exceeding three (3) years and the terms of the LOO are supported by an independent valuation report from CBRE Pte. Ltd. ("**Valuation Report**") dated 13 July 2020. The rental and service charge payable by the Company pursuant to the LOO is also lower than the market rental value as at 7 July 2020 indicated in the Valuation Report, which estimates the market gross rent for the Premises at S$65,700 per month. Accordingly, the Company is exempted under Rule 916(1) of the Catalist Rules from seeking the approval of the Shareholders for the LOO and the lease thereunder.

4. DETAILS OF THE LEASE AGREEMENT

The Premises will be leased to the Company for a term of three (3) years. The Premises occupy a total floor area of 727 square metres ("**sqm**"), comprising:

(a) an area of 687 sqm for the units situated at #10-09 and #10-09A of the Premises. The rental rate will be S$92.58 per sqm per month, inclusive of the service charge of S$10.23 per sqm per month. Taking into consideration the Rental Rebate, the effective rental rate would be approximately S$90.01 per sqm per month in respect of these two units; and

(b) an area of 40 square meters for the unit situated at #10-11 of the Premises. The rental rate will be S$78.58 per sqm per month, inclusive of the service charge of S$10.23 per sqm per month.

The service charge is subject to increase during the Term based on the terms of the LOO.

The Company is required to maintain a refundable security deposit amounting to three (3) months of the rental and service charge for the Premises, which is payable by the Company upon the entry into the LOO.

The Company is permitted under the terms of the LOO to sublet part of the Premises to OUE Lippo Healthcare Limited ("**OUELH**") (formerly known as International Healthway Corporation Limited) for a period of three (3) years from 1 August 2020 to 31 July 2023, subject to DBS Trustee's prior written consent.

5. RATIONALE AND BENEFIT TO THE COMPANY

The Premises are situated at a strategic location within the central business district which is convenient for the Company's use as its main corporate office. In addition, as the LOO includes the

Rental Rebate, the effective rental rate payable for the Premises under the LOO is lower than the market rate as indicated in the Valuation Report, and the entry into the LOO will result in cost savings for the Group.

6. TOTAL VALUE OF IPT

Save for the LOO, the Company has not entered into any other IPTs with OUE C-REIT (excluding transactions less than S$100,000) since the beginning of this financial year ending 31 December 2020 ("**FY2020**") up to the date of this announcement.

Other than the LOO, the Company had also on 29 July 2020 entered into a sub-lease agreement ("**Sub-Lease Agreement**") with OUELH for the sublease of part of the units situated at #10-09 and #10-09A of the Premises for a period of three (3) years from 1 August 2020 to 31 July 2023, which comprises a rebate on the rent and service charge payable for one (1) month between 1 July 2023 to 31 July 2023. This would be a renewal of the existing sub-lease agreement between the Company and OUELH.

As each of the Relevant Persons is deemed to be interested in approximately 64.36% of the shares in OUELH, OUELH is considered as an associate of each of the Relevant Persons and therefore an "interested person" within the meaning of Chapter 9 of the Catalist Rules. The total value of the Sub-Lease Agreement for the duration of the three (3) years is approximately S$777,672, and falls below 3% of the Group's latest audited NTA.

Other than the LOO and the Sub-Lease Agreement, there are no other IPTs (excluding transactions below S$100,000) entered into by the Company since the beginning of FY2020 up to the date of this announcement.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, none of the Directors or substantial shareholders of the Company has any direct or indirect interest (other than through their respective shareholdings in the Company) in the LOO.

8. DOCUMENTS FOR INSPECTION

A copy of each of the LOO and the Valuation Report are available for inspection by prior appointment during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Raymond Lam Kuo Wei
Company Secretary

30 July 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the 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 (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).