



INTERNATIONAL HEALTHWAY CORPORATION LIMITED

Registration No.: 201304341E
(Incorporated in the Republic of Singapore)
(In receivership over charged shares in certain subsidiaries)

DISCLAIMER OF OPINION IN THE AUDIT REPORT

The Board of Directors (the “**Board**”) of International Healthway Corporation Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that Pricewaterhouse Coopers LLP (the “**Auditors**” or “**PwC**”) have, in their finalised Auditor’s report dated 3 Jun 2016 (the “**Report**”), included a disclaimer of opinion (the “**Disclaimer**”) in relation to the consolidated financial statements of the Company and the Group for the financial year ended 31 December 2015 (“FY2015”) (the “**Financial Statements**”).

Please refer to a copy of the Report, together with the relevant extract of the Notes to the Financial Statements, as separately attached to this announcement, for further information.

DIRECTORS’ OPINION

Notwithstanding the Disclaimer, on the basis of the disclosures set out in the Financial Statements, the Board is satisfied that:-

- the fair values of its Properties in the People’s Republic of China (“**PRC Properties**”) – classified as Investment properties under development in Note 21 as included in the Financial Statements are appropriately supported by independent external internationally renowned qualified valuers; and
- on the basis of legal advices obtained, together with the information and evidence adduced to date, there are no merits to the claims of the disputed amounts owed to certain Funds. Hence, the disputed amounts had been appropriately disclosed as contingencies in Note 29(a) with no resulting recognition as liabilities in the Financial Statements.

The basis to prepare and present the Financial Statements on a going concern basis is clearly set out in note 2.1 of the Financial Statements. Based on information available to date, no further adjustments are envisaged which are not already included or disclosed would likely to materially impact the numbers as reported in the Financial Statements that will lead to a breach of the various loan covenants.

In the opinion of the Board,

- the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 6 to 92 of the Financial Statements are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

- at the date of this announcement, on the basis of the Company's business and operating plans for the next 12 months, the Group's efforts to re-position its asset portfolio and having regards to the revised and/or likely due dates of its current liabilities (whereby amongst others, a current liability of S\$152 million, the due date of which has been extended to April 2019 and ongoing negotiations for an extension of a S\$54 million current liability due August 2016) and the cash flow projections based on these plans, the Board is of the view that there are reasonable grounds to believe that the Group would be able to pay its debts as and when they fall due.

(a) Properties in the People's Republic of China ("PRC")

In accounting and reporting on the fair values of the PRC properties as Investment properties under development as included in the Financial Statements in accordance with its adopted accounting policies, the Board has relied on the external independent valuation reports completed by qualified valuers; Savills Valuation and Professional Services ("Savills") – an internationally recognised and established real estate valuer with significant worldwide presence and extensive experience and presence in PRC. Savills has been the Group's independent valuers for these PRC properties since IHC was listed in 2013.

Given paragraph (a) of the Basis for Disclaimer of Opinion of the Report, the Board has sought to validate Savills' conclusions on the fair values of the PRC properties to ensure that they are reasonable and acceptable for inclusion in the Financial Statements. Therefore, further independent valuation reports were obtained from the following internationally and locally renowned qualified independent valuers:

- Colliers International (Hong Kong) Limited – a leading global commercial real estate company offering valuation services. It is one of the market leaders in the real estate industry, with significant worldwide presence and extensive experience in the PRC.
- Jiangsu Zhongda (江苏中大土地房地产评估有限公司 (简称“江苏中大”))¹ – established in 1997, Jiangsu Zhongda is one of only eight valuation firms ranked “A” in the entire Wuxi City, being the highest accreditation that can be granted to a local valuation firm in the PRC. It is one of the biggest local valuation firms for the Jiangsu Province, with over 100 employees and well established track records in the PRC.

Despite the conclusions from these two external valuers generating higher values than Savills' conclusions for these PRC properties, the Group has adopted Savills' conclusions, in view of Savills being the Group's appointed independent valuer for its annual reportings all these years.

On the basis of the above, the Board is of the view that the fair values of its PRC properties as currently stated in the Financial Statements are appropriate. Details of these PRC properties are set out in note 21 of the Financial Statements.

(b) Ongoing litigation

The details of the appointment of receivers and resultant ongoing litigation were announced by the Company on 3 May 2016 and 6 May 2016 and are set out in note 29(a) of the Financial Statements. In summary, the Company disputes the alleged outstanding amounts due to certain lenders as well as the purported appointment of receivers in

¹ Only for the valuation of the Wuxi property which is the larger of these two PRC properties.

relation to the same. The Company has, accordingly, commenced legal proceedings for relief.

On the basis of legal advices obtained, supported by information and evidence made available to the Board and adduced to date, the Board is of the view that there are no merits to the claims for the amounts in dispute. Hence, the Company will prosecute its case vigorously. Given the quantum of the disputed amounts, the Group will be able to satisfy any sums found to be owing to the lenders in the event the Company is unsuccessful in its proceedings.

(c) Compliance with Loan Covenants

As disclosed in note 31(d) of the Financial Statements, IHC has complied with all its loan covenants. There are no known breaches to any of its loan covenants. Accordingly, there are no requirements to reclassify any non-current liabilities as current liabilities.

To the best of their knowledge, the Board

- is of the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner;
- confirms that all material disclosures have been provided for trading of the Company's shares to continue; and
- confirms that nothing has come to the attention of the Board which may render the Financial Statements to be false or misleading in any material aspect.

*This announcement is to be read in conjunction with the attached Report and the Financial Statements. Shareholders of the Company are advised to refer to the entire **Financial Statements** included in the Company's annual report for FY2015, which will be dispatched in due course.*

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 stock brokers, bank manager, solicitor, accountant, tax adviser or other professional advisers.

By Order of the Board
Lim Beng Choo
Executive Director

6 June 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 Catalyst. 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.