HEALTHWAY MEDICAL CORPORATION LIMITED

(Company Registration Number: 200708625C)
(Incorporated in the Republic of Singapore)

ABILITY TO CONTINUE AS A GOING CONCERN

*Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the announcements dated 17 January 2017, 19 January 2017, 6 February 2017, 13 February 2017, 24 February 2017 and 11 March 2017 ("**Notes Announcements**").*

The Board of Directors ("**Board**") of Healthway Medical Corporation Limited (the "**Company**") refers to the Notes Announcements regarding the proposed issuance of Notes for an aggregate principal amount of S$70 million and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") requiring the Company to seek shareholders' approval ("**Shareholders' Approval**") for the issuance of the Initial Notes and CN B under Rule 803 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") ("**SGX Direction**").

The Company had previously mentioned in its announcement dated 24 February 2017, Section B(i) in relation to the rationale for the Subscription Agreement that, *inter alia*, "*The Company's ability to meet its current obligations is reliant on raising sufficient liquidity on a timely basis which is provided for under the Subscription Agreement*."

As a result of the SGX Direction, the Subscriber was unable to disburse, and the Company did not receive the funds of S$70 million at the First Closing, being 9 March 2017. Notwithstanding, the Subscriber has granted the Company an extension of a 14-day grace period ("**14-Days Grace Period**") for the Company to satisfy all the First Closing Conditions, further details of which can be found in a separate announcement released today. The 14-Days Grace Period allows the Company to continue its discussions with the Subscriber on the Proposed Issuance of Notes. The Board has since received an alternate proposal from the Subscriber to meet these immediate liquidity requirements. This alternate proposal is currently under review and would be subject to all regulatory approvals and requirements. However, the Board cannot provide certainty that the Proposed Issuance of Notes can or will be undertaken.

In addition, the Board has since approached an alternative source of funding or support from an existing substantial shareholder, but to no avail.

The Board wishes to highlight to Shareholders that given that, as at the date of this announcement, the Group has no certainty of its sources and sufficiency of funding and taking into account the following:

a) the Group faces slow receivables collection even after engaging debt collection agencies;

b) the Group has fixed-term borrowings which are approaching maturity without being able to secure commitment from its creditors for extension of repayment deadlines. The Group is currently facing difficulties repaying its creditors by the original maturity dates if no extensions are obtained;

c) the Group has difficulties in securing existing/new financing. In addition, it has also received indications of withdrawal of financial support from some of its creditors; and

d) the Group has not been able to meet some of its payroll requirements,

the Company may not be able to continue as a going concern unless sufficient fresh funds are injected into the Company on a timely and urgent basis.

The Company has assessed its free cashflow position by deducting immediate outflows to determine the available cash position at any one point in time. The Company has free cash of S$1.4 million as of 9 March 2017 due to deferred salaries and payables. The Company requires S$10.7 million by 31 March 2017 to settle overdue payroll and debt obligations.

As at the date hereof, the Company's operations remains on-going and is likely to be able to continue as a going concern albeit up to the time it can no longer satisfy its existing and/or overdue debts and obligations. The Board will reassess the Company's ability to continue as a going concern as and when the aforementioned occurs, and will keep Shareholders updated as and when there are any material updates in relation to the aforementioned. The Board and Management continue to seek alternative funding and continue to engage its creditors.

Trading Caution

In the meantime, the Board wishes to advise Shareholders and investors to exercise caution when dealing in the Shares and to refrain from taking any action in relation to their Shares which may be prejudicial to their interests. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers immediately.

Responsibility Statement

The Directors of the Company (including those who have 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 there are no material facts not contained in this announcement, the omission of which would make any statement in this announcement misleading, 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

Veronica Chan Wee Ping
President
11 March 2017

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*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 SGX-ST Catalist Rules. 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.