HEALTHWAY MEDICAL CORPORATION LIMITED
Registration No.: 200708625C

PROPOSED ACQUISITION BY INTERNATIONAL HEALTHWAY CORPORATION LIMITED OF ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF HEALTHWAY MEDICAL CORPORATION LIMITED BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of Healthway Medical Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce the proposed acquisition (the "**Acquisition**") by International Healthway Corporation Limited ("**IHC**" and together with its subsidiaries, the "**IHC Group**") of all the issued and paid-up ordinary shares in the capital of the Company (the "**Shares**") by way of a scheme of arrangement (the "**Scheme**") under Section 210 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and in accordance with the Singapore Code on Take-overs and Mergers (the "**Code**").

2. INFORMATION ON IHC

2.1 IHC was incorporated in Singapore on 18 February 2013 and was listed on the Catalist board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 8 July 2013.

2.2 IHC Group provides healthcare services through the management and operation of hospital and investment in healthcare-related assets, as well as the development of medical real estate, healthcare-related assets and integrated mixed-use developments. The IHC Group's portfolio of properties is located in Australia, Japan, Malaysia and the People's Republic of China (the "**PRC**").

2.3 IHC's market capitalisation as of the close of market trading on 18 June 2015 (the "**Latest Practicable Date**"), being the last full trading day preceding the date of this announcement ("**Announcement Date**"), was approximately S$481.13 million.

2.4 As at the Announcement Date, IHC has an issued and paid-up share capital of approximately S$192.71 million, comprising 1,659,064,603 ordinary shares. The Company is the registered holder of 69,594 fully-paid ordinary shares in the capital of IHC ("**Remaining DIS Shares**"). The Company is holding the Remaining DIS Shares on behalf of 133 uncontactable scrip-based shareholders of the Company who were entitled to the Remaining DIS Shares pursuant to the distribution in specie approved by the shareholders of the Company ("**Shareholders**") on 22 May 2013.

2.5 As at the Announcement Date, the controlling shareholders of IHC are Fan Kow Hin and Aathar Ah Kong Andrew, holding 28.09% and 25.66% shareholding interest in IHC respectively.

3. SCHEME

3.1 Implementation Agreement

In connection with the Acquisition, the Company and IHC have today entered into an implementation agreement (the "**Implementation Agreement**") to implement the Scheme. Subject to satisfaction of the conditions precedent set out in the **Schedule 1** to this announcement (the "**Conditions Precedent**"), on the Scheme becoming effective in accordance with the Companies Act:

(a) all the Shares held by the Shareholders on record as at a book closure date to be announced by the Company (the "**Book Closure Date**") will be transferred to IHC:

(i) fully paid; and

(ii) free from all and any charge, mortgage, lien, hypothecation, judgment, encumbrance, easement, security, title retention, preferential right, trust arrangement or any other security interest or any other agreement or arrangement having a commercial effect analogous to the conferring of security or similar right in favour of any person ("**Encumbrances**"), or any arrangements or obligations to create any Encumbrances whatsoever with all rights and benefits attaching thereto; and

(b) in consideration for such transfer, IHC will purchase the Shares at a consideration of S$0.10 per Share (the "**Scheme Consideration**"). The Scheme Consideration is to be satisfied by the allotment and issuance of new ordinary shares in the capital of IHC (the "**Consideration Shares**") to the Shareholders.

The issue price of each Consideration Share is S$0.45. Upon the Scheme becoming effective and on the date on which the Shares will be transferred to IHC and the Consideration Shares will be credited to the securities account of the Shareholders (the "**Transfer Date**"), each of the Shareholders will be entitled to receive 2 new Consideration Shares for every 9 Shares held as at the Books Closure Date. Any fractional entitlements of the Consideration Shares shall be disregarded.

The Consideration Shares will be issued fully paid, free from all and any Encumbrances and rank *pari passu* in all respects with the then existing ordinary shares in the capital of IHC.

3.2 **Effective Date**

Subject to satisfaction of the Conditions Precedent (including requisite approval of Shareholders and sanction of the Scheme by the High Court of Singapore (the "**Court**")), the Scheme becomes effective upon a copy of the Court Order being lodged with the Accounting and Corporate Regulatory Authority in Singapore (the "**Effective Date**").

3.3 **Scheme Document**

Further information on the Scheme, including the terms and conditions upon which the Scheme will be implemented, will be set out in the document (the "**Scheme Document**") to be issued by the Company to the Shareholders.

3.4 **Scheme Approvals**

The Scheme will require, *inter alia*, the following approvals:

(a) the approval of the Scheme by a majority in number of the Shareholders present and voting, either in person or by proxy, at a meeting of the Shareholders to be convened by the Court to approve the Scheme and any adjournment thereof (the "**Scheme Meeting**"), such majority holding not less than 75% in value of the Shares held by the Shareholders present and voting at the Scheme Meeting; and

(b) the sanction of the Scheme by the Court.

3.5 **Clearance**

The Scheme Document will require the clearance of the Company's sponsor (the "**Sponsor**") and it shall not be circulated or made available publicly until the Sponsor advises that it has no objection to the issuance of the same. The proposed delisting of the Company will require

the clearance of the Sponsor, which will notify the SGX-ST of such proposed delisting.

3.6 **Delisting**

Upon the Scheme becoming effective and binding, the entire issued share capital of the Company will be owned by IHC and, subject to the clearance of the Sponsor and the Sponsor's notification of the proposed delisting to the SGX-ST, the Company will be delisted from Catalist.

4. RATIONALE FOR THE SCHEME

Pursuant to the Scheme being effective, the Company will become a wholly-owned subsidiary of IHC and Shareholders will become shareholders of IHC. As such, the Scheme presents a unique opportunity for Shareholders to:

(a) Gain access to a broader healthcare business

The Scheme represents an opportunity for Shareholders to diversify their investments and gain access to a broader healthcare business including facilities-based business as IHC has a strong portfolio of medical assets across the PRC, Malaysia, Japan and Australia. The medical assets include hospital and nursing facilities.

(b) Capitalise on prospects in new markets

With IHC present in primary markets namely, the PRC, Malaysia, Japan and Australia, the Scheme allows Shareholders a platform to capitalise on (i) the rise of the affluent class in the PRC, (ii) booming medical tourism in Malaysia, (iii) the elderly healthcare market in Japan, and (iv) the ageing population in Australia that requires medical services.

(c) Materialise growth opportunities

The Scheme will materialise growth opportunities to Shareholders in key Asian markets and new services.

5. ANALYSIS OF THE SCHEME CONSIDERATION

5.1 The Scheme Consideration for each Share is S$0.10 to be satisfied by the allotment and issuance of the Consideration Shares, at an issue price of S$0.45 per Consideration Share.

5.2 The premium of the Scheme Consideration compared to the Share price as at the close of trading on 18 June 2015, being the last full trading day preceding the Announcement Date, is as follows:

	Share Price	**Scheme Consideration per Share**	**Premium to Share Price***	
	(S$)	**(S$)**	**(S$)**	**(%)**
Closing price on 18 June 2015	0.054	0.100	0.046	85.19
1 calendar month volume weighted average price ("**VWAP**") up to 18 June 2015	0.057	0.100	0.043	74.02
3 calendar months VWAP up to 18 June 2015	0.052	0.100	0.048	93.39

6 calendar months VWAP up to 18 June 2015	0.050	0.100	0.050	99.31
12 calendar months VWAP up to 18 June 2015	0.050	0.100	0.050	98.81

Source: Bloomberg
* Differences are due to rounding.

5.3 The premium of the issue price of the Consideration Shares compared to IHC's share price as at the close of trading on 18 June 2015, being the last full trading day preceding the Announcement Date, is as follows:

	Share price	**Issue Price of each Consideration Share**	**Premium to Share Price**	
	(S$)	**(S$)**	**(S$)**	**(%)**
Closing price on 18 June 2015	0.290	0.450	0.160	55.17
1 calendar month VWAP up to 18 June 2015	0.291	0.450	0.159	54.87
3 calendar months VWAP up to 18 June 2015	0.289	0.450	0.161	55.53
6 calendar months VWAP up to 18 June 2015	0.283	0.450	0.167	58.90
12 calendar months VWAP up to 18 June 2015	0.274	0.450	0.176	64.30

Source: Bloomberg

6. TERMINATION OF THE IMPLEMENTATION AGREEMENT

6.1 Termination By Consent

The Implementation Agreement may be terminated by the mutual written consent of IHC and the Company.

6.2 Termination By Court Order Or Notice

The Implementation Agreement may be terminated at any time prior to the Transfer Date as follows:

(a) by either IHC or the Company if any court of competent jurisdiction has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme or any part thereof, or has refused to do anything necessary to permit the Scheme or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable; or

(b) if there shall have been a breach by IHC or the Company of its obligations under the Implementation Agreement and such breach is material in the context of the Scheme, by the party not in default and having the benefit of such obligations, after prior consultation with the Securities Industry Council of Singapore (the "**SIC**"), by 14 days'

written notice to the other party.

6.3 **Non-fulfilment of Conditions Precedent**

Subject to certain proviso, either IHC or the Company may terminate the Implementation Agreement if any of the conditions precedents in the Implementation Agreement has not been satisfied (or, where applicable, has not been waived) by, or if the Scheme has not become effective on 31 December 2015 or such other date as IHC or the Company may agree. The terminating party must seek prior consultation and approval of the SIC.

6.4 **Effect Of Termination**

Any termination of the Implementation Agreement shall be without prejudice to any rights which a party may have against any other party for any breach by that party prior to the termination of the Implementation Agreement.

7. FINANCIAL ADVISER

CIMB Bank Berhad, Singapore Branch is the financial adviser to the Company in respect of the Scheme.

8. INDEPENDENT FINANCIAL ADVISER

The Directors who are considered independent for the purposes of the Scheme (the "**Independent Directors**") will be appointing an independent financial adviser (the "**IFA**") to advise them for the purpose of making a recommendation to the Shareholders in connection with the Scheme. Full details of the Scheme including the recommendation of the Independent Directors to the Shareholders on the Scheme along with the formal opinion of the IFA (the "**IFA Letter**") will be included in the Scheme Document.

9. SCHEME DOCUMENT

Completion of the Scheme is conditional upon the fulfillment (unless waived) of certain conditions precedent, which includes the condition that each of IHC and the Company receives a favourable opinion from its respective IFA.

The Scheme Document containing full details of the Scheme (including the recommendation of the Independent Directors to the Shareholders on the Scheme along with the IFA Letter) and giving notice of the Scheme Meeting to approve the Scheme will be despatched to Shareholders in due course.

In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations of the Independent Directors on the Scheme as well as the IFA Letter set out in the Scheme Document.

10. OTHER INFORMATION

10.1 **Disclosures of Interest**

(a) Directors

As at the Announcement Date, Wong Ong Ming Eric, the non-executive non-independent chairman of the Company, and Kuek Chiew Hia, an independent director of the Company, hold 39,000 and 22,218 ordinary shares in the capital of IHC respectively.

(b) Substantial Shareholders of the Company and their Associates

The substantial shareholders of the Company and their associates are (i) Fan Kow

Hin who is a controlling shareholder of both the Company and IHC, (ii) Chee Yin Meh who is a controlling shareholder of the Company and the spouse of Fan Kow Hin, (iii) One Organisation Limited and One Organisation Pte Ltd which are associates of Fan Kow Hin and Chee Yin Meh, (iv) Aathar Ah Kong Andrew who is a controlling shareholder of IHC and a substantial shareholder of the Company, (v) Aathar Ah Tuk Henry who is the brother of Aathar Ah Kong Andrew, and (vi) Dr Jong Hee Sen who is a director and substantial shareholder of IHC and a substantial shareholder of the Company.

The above-mentioned substantial shareholders of the Company and their associates, who collectively hold approximately 34.09% shareholding interest in the Company as at the Announcement Date, will abstain from voting on the Scheme at the Scheme Meeting.

Save for the above, none of the Directors and substantial shareholders of the Company and their associates (other than by reason only of being a Shareholder or Director) has any interest, direct or indirect, in the Scheme.

10.2 **Overseas Shareholders**

The applicability of the Scheme to persons not resident in Singapore may be affected by the laws of the relevant jurisdiction. Shareholders who are not resident in Singapore should keep themselves informed of, and observe, any applicable restrictions or prohibitions. Further details in relation to overseas Shareholders will be contained in the Scheme Document.

10.3 **Documents for Inspection**

Copies of the Implementation Agreement will be made available for inspection during normal business hours at the registered office of the Company at 2 Leng Kee Road #06-07 Thye Hong Centre Singapore 159086 from the Announcement Date up until the Effective Date.

11. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Scheme, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

Yeow Ming Ying
Executive Director
19 June 2015

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*This announcement has been prepared by Healthway Medical 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.

SCHEDULE 1

CONDITIONS PRECEDENT

All capitalised terms used and not defined in this announcement shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of the Company during normal business hours until the Effective Date.

The completion of the Scheme is conditional upon the following:

(a) Regulatory Approvals: the receipt of all applicable regulatory approvals and such approvals not being revoked or withdrawn on or before the Transfer Date, including without limitation:

(i) In relation to IHC:

- Confirmation from the SIC that Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and note 1(b) to Rule 19 of the Code do not apply to the Scheme, subject to any conditions that the SIC may deem fit to impose and which are acceptable to IHC, or as the case may be, the Company; and

- Receipt of the notice for the listing and quotation of the Consideration Shares on the Catalist from the SGX-ST, and if such notice is subject to conditions, such conditions being reasonably acceptable to IHC;

(ii) In relation to the Company:

- Receipt of clearance from the Sponsor for the delisting of the Company from the Catalist;

(b) Authorisations: in addition to the approvals aforementioned:

(i) in relation to IHC, the approval by the shareholders of IHC for the Acquisition and the Interested Person Transaction, and all other authorisations, consents, clearances, permissions and approvals as are necessary or required by IHC under applicable laws, from all relevant Governmental Agencies and third parties, and under the contracts entered into by IHC for or in respect of the Acquisition and the implementation of the Scheme being obtained; and

(ii) in relation to the Company, the approval by Shareholders for the Scheme, and all other authorisations, consents, clearances, permissions and approvals as are necessary or required by the Company under applicable laws, from all relevant Government Agencies and third parties, and under the contracts entered into by the Group for or in respect of the Scheme and the implementation of the Scheme being obtained;

(c) Opinion of the IFAs:

(i) in relation to IHC, a favourable opinion from the IHC IFA in support of the Acquisition and the Interested Person Transaction being obtained; and

(ii) in relation to the Company, a favourable opinion from the HMC IFA in support of the Scheme being obtained;

(d) Scheme Meeting: in relation to the Company, the receipt of the approval of the Scheme by Shareholders at the Scheme Meeting in compliance with Section 210 of the Companies Act;

(e) Court Order: in relation to the Company, the grant of the Court Order by the Court and such Court Order having become final;

(f) Lodgement of the Court Order: the lodgement of the Court Order by the Company with ACRA;

(g) No legal or regulatory restraint: no injunction or other order being issued by any court of competent jurisdiction or other legal or regulatory restraint, prohibition or condition preventing the consummation of the Scheme or proposed transactions relating to the Scheme or to any party thereof shall be in effect on the Transfer Date;

(h) No Prescribed Occurrence: between the date of the Implementation Agreement and the Transfer Date, no Prescribed Occurrence in relation to the Company or IHC, as the case may be, occurs other than as required or contemplated by the Implementation Agreement. A list of the Prescribed Occurrences is set out in **Schedule 2** to this announcement;

(i) No Termination: the Implementation Agreement not having been terminated pursuant to the termination provisions of the Implementation Agreement;

(j) No material adverse change: no occurrence, on or before the Transfer Date, of any adverse change in the assets, employee base or business of the Group, or as the case may be, IHC since 31 December 2014 that is material to the Group, or as the case may be, IHC, provided that any changes announced by the Company, or as the case may be, IHC between 31 December 2014 and the date of the Implementation Agreement shall not be deemed to be an adverse change; and

(k) No material inaccuracy: no discovery, on or before the Transfer Date, of any material inaccuracy in any announcement (including but not limited to any announcement of financial results) made by the Company, or as the case may be, IHC on the SGX-ST.

(l) IHC' s Representations, Warranties and Covenants:

(i) (1) the representations and warranties of IHC set out in the Implementation Agreement that are qualified as to materiality being true and correct in all respects;

(2) the representations and warranties of IHC set out in the Implementation Agreement that are not qualified as to materiality being true and correct in all material respects;

in each case as of the date of the Implementation Agreement and as of the Transfer Date as though made on and as of that date except to the extent any such representation or warranty expressly relates to an earlier date (in which case as of such earlier date); and

(ii) IHC shall have, as of the Transfer Date, performed and complied with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by it, on or prior to the Transfer Date;

(m) The Company's Representations, Warranties and Covenants:

(i) (1) the representations and warranties of the Company set out in the Implementation Agreement that are qualified as to materiality being true and correct in all respects; and

(2) the representations and warranties of the Company set out in the Implementation Agreement that are not qualified as to materiality being true and correct in all material respects;

in each case as of the date of the Implementation Agreement and as of the Transfer Date as though made on and as of that date except to the extent any such representation or warranty expressly relates to an earlier date (in which case as of such earlier date); and

(ii) the Company shall have, as of the Transfer Date, performed and complied with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by it, on or prior to the Transfer Date.

SCHEDULE 2

PRESCRIBED OCCURRENCE

All capitalised terms used and not defined in this announcement shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of the Company during normal business hours until the Effective Date.

For the purpose of this announcement, "**Prescribed Occurrence**", in relation to the Company or IHC, as the case may be, means any of the following occurring prior to the Transfer Date:

An "**IHC's Prescribed Occurrences**" means any of the following:

(a) Injunctions: an injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or any part thereof by IHC.

(b) Resolution for Winding Up: IHC resolving that it be wound up.

(c) Appointment of Liquidator and Judicial Manager: the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or other similar officer of IHC.

(d) Order of Court for Winding Up: the making of an order by a court of competent jurisdiction for the winding up of IHC.

(e) Composition: IHC entering into any arrangement or general assignment or composition for the benefit of its creditors generally.

(f) Appointment of Receiver: the appointment of a receiver or a receiver and manager, in relation to all or a substantial part of the property or assets of IHC.

(g) Insolvency: IHC becoming or being deemed by law or a court of competent jurisdiction to be insolvent or stops or suspends or defaults on or threatens to stop or suspend or default on payment of its debts of a material amount as they fall due.

(h) Cessation of Business: IHC ceases or threatens to cease for any reason to carry on business in the usual course.

(i) Breach of the Implementation Agreement: IHC being in material breach of any of the provisions of the Implementation Agreement.

"**The Company's Prescribed Occurrences**" mean any of the following:

(a) Consolidation or Sub-Division of Shares: The Company consolidating or sub-dividing all or any of its shares into a smaller or larger number of shares respectively.

(b) Share Buy-back: The Company carrying out a share buy-back or resolving to approve the terms of a share buy-back agreement under the Companies Act.

(c) Reduction of Share Capital: The Company resolving to reduce its share capital in any way.

(d) Allotment of Shares: The Company making any allotment or issuance of, or granting any option or other security to subscribe for or convertible into, any Shares.

(e) Dividends: The Company recommending, declaring, making or paying any dividends or any other form of distribution to its shareholders.

(f) Injunctions: an injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or any part thereof by

the Company.

(g) Resolution for Winding Up: any of the Company or its subsidiaries resolving that it be wound up.

(h) Appointment of Liquidator and Judicial Manager: the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or other similar officer of any of the Company or its subsidiaries.

(i) Order of Court for Winding Up: the making of an order by a court of competent jurisdiction for the winding up of any of the Company or its subsidiaries;

(j) Composition: any of the Company or its subsidiaries entering into any arrangement or general assignment or composition for the benefit of its creditors generally;

(k) Appointment of Receiver: the appointment of a receiver or a receiver and manager, in relation to all or substantial part of the property or assets of any of the Company or its subsidiaries;

(l) Insolvency: any of the Company or its subsidiaries becoming or being deemed by law or a court of competent jurisdiction to be insolvent or stops or suspends or defaults on or threatens to stop or suspend or default on payment of its debts of a material amount as they fall due.

(m) Cessation of Business: any of the Company or its subsidiaries ceases or threatens to cease for any reason to carry on business in the usual course.

(n) Breach of the Implementation Agreement: The Company being in material breach of any of the provisions of the Implementation Agreement.

(o) Investigations and Proceedings: if any of the Company or its subsidiaries or any of their respective directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding except where publicly disclosed prior to the date of the Implementation Agreement.