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

- SUPPLEMENTAL AGREEMENT

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1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of Healthway Medical Corporation Limited (the "**Company**") refers to the announcements dated 19 June 2015 and 1 July 2015 in relation to the proposed acquisition by International Healthway Corporation Limited 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 and in accordance with the Singapore Code on Take-overs and Mergers.

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as ascribed to them in the announcement dated 19 June 2015 (the "**Announcement**").

The Board wishes to announce that the Company has on 3 September 2015 entered into a supplemental agreement to the Implementation Agreement (the "**Supplemental Agreement**") with IHC to amend certain terms in the Implementation Agreement. Save as amended by the Supplemental Agreement, all other terms and conditions of the Implementation Agreement continue in full force and effect.

2. AMENDMENTS TO THE IMPLEMENTATION AGREEMENT

Pursuant to the Supplemental Agreement, the amendments to the Implementation Agreement include the following:

2.1 The termination provision set out under paragraph 6.2 of the Announcement in the context it appears in the Implementation Agreement and reproduced below:

"Termination by Court Order or Notice. Without prejudice to any other right of termination under the Implementation Agreement, 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 (the "**SIC**"), by 14 days' written notice to the other party.*

For the avoidance of doubt, if the Implementation Agreement is not terminated because the SIC does not for any reason consent to the same, the non-termination of the Implementation Agreement does not amount to a waiver of any claims or rights which any party may have against the other parties in relation to the non-fulfilment of the relevant Conditions Precedent."

has been deleted in its entirety and replaced with the following:

"Termination by Court Order or Notice. Without prejudice to any other right of termination under the Implementation Agreement, 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 SIC, by 14 days' written notice to the other party.

For the avoidance of doubt, a breach of Clauses 2, 3 or 9 of the Implementation Agreement is deemed to be a breach that is material in the context of the Scheme. If the Implementation Agreement is not terminated because the SIC does not for any reason consent to the same, the non-termination of the Implementation Agreement does not amount to a waiver of any claims or rights which any party may have against the other parties in relation to the non-fulfilment of the relevant Conditions Precedent."

2.2 The Condition Precedent set out under paragraph (c) of schedule 1 of the Announcement has been deleted in its entirety and replaced with the following:

Opinion of the IFAs:

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

(ii) in relation to the Company, an opinion from the HMC IFA in relation to the Scheme being obtained;

2.3 The Condition Precedent set out under paragraph (j) of schedule 1 of the Announcement has been deleted in its entirety and replaced with the following:

No material adverse change: no occurrence, on or before the Transfer Date, of any change that has any long term, material and adverse effect to the business, results of operations and financial condition of the Group or IHC (as the context may require) on a consolidated basis. A change which has a long term, material and adverse effect to the business, results of operations and financial condition of the Group or IHC (as the context may require) on a consolidated basis is one which results in a reduction of the earnings before interest, tax, depreciation and amortisation of the Group or IHC (as the context may require), calculated in accordance with the Group's or IHC's (as the context may require) accounting policies and as reflected in the latest publicly-released consolidated unaudited financial statements of the Group or IHC (as the context may require) prior to the Transfer Date of more than 20 per cent., provided that any effect on the Group or IHC (as the context may require) arising from, referable or attributable to or aggravated by any of the following shall not be taken into account:

(i) *any changes announced by the Company or IHC (as the context may require) between 31 December 2014 and the date of the Implementation Agreement;*

(ii) *changes in currency translation;*

(iii) *changes in financial, credit, capital or stock markets, interest rates, exchange rates, commodity prices, trading suspensions on any securities exchange or over-the-*

counter market or other social, financial, economic, industrial or political conditions in Singapore or any other country or region in the world;

(iv) *acts of war, sabotage or terrorism, earthquakes, hurricanes, floods, fires or other natural disasters or other force majeure events in Singapore or any other country or region in the world (including any escalation or general worsening of any of the same);*

(v) *the passing, or any changes of or in any law, rule, regulation or administrative practice of any governmental agency, any changes in accounting policy, bases or practice, any changes in the rates, imposition, policy, bases or practice or withdrawal of relief of or from taxation, or changes to the generally accepted interpretation or application of any of the foregoing in Singapore or any other country or region in the world, after the date of the Implementation Agreement;*

(vi) *the issue of the announcements dated 19 June 2015 by the Company and IHC in connection with the Acquisition or the pendency or consummation of the transactions contemplated by the Acquisition; or*

(vii) *any failure by the Company or any of its subsidiaries, or IHC (as the context may require) to meet any public estimates or expectations of its revenue, earnings or other financial performance or results of operations for any period, or any failure by the Company or any of its subsidiaries, or IHC (as the context may require) to meet any internal budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations.*

2.4 The Condition Precedent set out under paragraph (k) of schedule 1 of the Announcement has been deleted in its entirety.

2.5 The IHC's Prescribed Occurrence set out under paragraph (i) of schedule 2 of the Announcement has been deleted in its entirety.

2.6 The IHC's Prescribed Occurrence set out under paragraph (g) of schedule 2 of the Announcement has been deleted in its entirety and replaced with the following:

Insolvency: IHC becoming or being deemed by law or a court of competent jurisdiction to be insolvent or becomes unable to pay its debts as they fall due.

2.7 The Company's Prescribed Occurrence set out under paragraph (n) of schedule 2 of the Announcement has been deleted in its entirety.

2.8 The Company's Prescribed Occurrence set out under paragraph (l) of schedule 2 of the Announcement has been deleted in its entirety and replaced with the following:

Insolvency: THe Company becoming or being deemed by law or a court of competent jurisdiction to be insolvent or becomes unable to pay its debts as they fall due.

2.9 The following Clause 3.3 of the Implementation Agreement:

"Conditions to Approval. Each of the Company and IHC agrees that:

(a) where any approval or consent which is required to be obtained by it is granted subject to any condition, such condition must be reasonably acceptable to the party affected by such condition imposed or applied; and

(b) where any condition imposed or applied is required to be fulfilled by a particular date, such condition is so fulfilled,

failing which each party agrees that the Condition Precedent in question shall not be deemed to have been fulfilled (unless waived by the Company and IHC in writing). The

Company and IHC agree that in the case of any approval or consent falling under the Conditions Precedent, the party affected by the conditions imposed or applied in granting such approval or consent shall be deemed to have found the same reasonably acceptable unless it notifies the other party in writing to the contrary within seven business days of the receipt of the relevant approval or consent."

has been deleted in its entirety and replaced with the following:

"Conditions to Approval. Each of the Company and IHC agrees that where any approval or consent which is required to be obtained by it is required to be fulfilled by a particular date, such condition is so fulfilled, failing which each party agrees that the Condition Precedent in question shall not be deemed to have been fulfilled (unless waived by the the Company and IHC in writing)."

3. RESPONSIBILITY STATEMENT

The Directors (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 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.

4. **GENERAL INFORMATION**

A copy of the Supplemental Agreement is 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 for three months from the date of this announcement or up until the Effective Date, whichever is the later.

In the meantime, Shareholders are advised to refrain from taking any action in relation to their Shares which may be prejudicial to their interests and to exercise caution when dealing in the Shares, until they or their advisers have considered the information and the recommendations of the Independent Directors, as well as the advice of the independent financial adviser, which will be set out in the Scheme Document to be issued by the Company in due course.

By Order of the Board

Yeow Ming Ying
Executive Director
3 September 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.