CIRCULAR DATED 6 APRIL 2017

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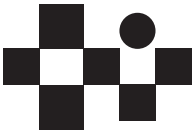
If you are in any doubt as to its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares of **HEALTHWAY MEDICAL CORPORATION LIMITED** (the "**Company**") represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, 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 Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

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.



HEALTHWAY MEDICAL CORPORATION LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to

(1) THE PROPOSED ISSUE OF S$60 MILLION ZERO-COUPON CONVERTIBLE NOTES DUE 2022 BY THE COMPANY TO GW ACTIVE LIMITED; AND

(2) THE PROPOSED ACQUISITION OF HEALTHWAY MEDICAL ENTERPRISES PTE. LTD.

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	19 April 2017 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	21 April 2017 at 10.30 a.m.
Place of Extraordinary General Meeting	:	The National University of Singapore Society Kent Ridge Guild House 9 Kent Ridge Drive Singapore 119241

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

"Agreements"	:	The agreements between HMG, HME and the Vendor for the Proposed Acquisition, being the following: (a) binding term sheet dated 15 November 2010; (b) option agreement dated 15 November 2010; (c) addendum dated 15 December 2010; (d) supplementary agreement dated 11 June 2013; (e) supplementary addendum dated 8 October 2014; (f) supplementary addendum dated 13 November 2014; (g) supplementary addendum dated 30 June 2014; (h) supplementary addendum dated 28 January 2016; (i) supplementary addendum dated 30 June 2016; (j) supplementary addendum dated 30 December 2016; (k) supplementary addendum dated 3 February 2017; and (l) supplementary addendum dated 30 March 2017
"Associate"	:	(a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:- (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and its immediate family together (directly or indirectly) have an interest of 30% or more (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Board" or "Directors"	:	The board of directors of the Company as at the Latest Practicable Date
"Business Day"	:	A day (other than Saturday, Sunday or public holiday) on which banks are open for business in Singapore
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	Section B: Rules of the Catalist of the listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited
"CEO"	:	Chief Executive Officer of the Company
"CFO"	:	Chief Financial Officer of the Company

"*Change of Control Redemption*"	:	The amount to have been paid by the Company upon mandatory redemption of the Initial Notes in the event that, (a) any general offer by any person other than the Subscriber became unconditional in all respects, or (b) any person other than the Subscriber or the Controlling Shareholder as at the issue date of the Initial Notes holding more than 25% of the voting rights of the Company, being (i) 100% of the principal amount of the outstanding Initial Notes including any increase in the principal amount of Initial Notes arising from the interest which is payable in kind; (ii) a redemption premium being an amount equal to 25% of the principal amount of the Initial Notes as at the date of issue of the Initial Notes; and (iii) accrued and unpaid Interest on the outstanding Initial Notes up to (and excluding) the maturity date of the Initial Notes
"Circular"	:	This circular to Shareholders dated 6 April 2017 in respect of the Proposed Notes Issue and the Proposed Acquisition
"Clinics"	:	Has the meaning ascribed to it in Section 4.1.1 of this Circular
"Code"	:	The Singapore Code on Take-overs and Mergers
"Constitution"	:	The constitution of the Company
"CN B"	:	The convertible notes comprising T1 CN B and T2 CN B, collectively
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
"Company"	:	Healthway Medical Corporation Limited
"Completion"	:	The issue of the T2 CN B on the terms and conditions of the Subscription Agreement on the Completion Date
"Completion Date"	:	The date falling 2 Business Days after the satisfaction and/or waiver of the Second Closing Conditions, or such other date as may be agreed in writing between the Company and the Subscriber
"Conditions"	:	The terms and conditions of CN B
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the issued Shares; or (b) in fact exercises control over the Company
"Conversion Price"	:	S$0.03384 per Conversion Share
"Conversion Share(s)"	:	An aggregate of up to 2,068,557,919 Shares to be allotted and issued to the Noteholder(s) following the conversion of T1 CN B or T2 CN B (as the case may be) from time to time in accordance with the Conditions

"EBITDA"	:	Earnings before interest, taxes, depreciation and amortisation
"EGM"	:	The extraordinary general meeting of the Company to be held on 21 April 2017, notice of which is given on pages 37 to 39 of this Circular
"Encumbrance(s)"	:	Any mortgage, pledge, deed of trust, hypothecation, right of others, claim, security interest, encumbrance, burden, title defect, title retention agreement, lease, sublease, license, occupancy agreement, easement, covenant, condition, encroachment, voting trust agreement, interest, option, right of first offer, pre-emption, negotiation or refusal, proxy, lien, charge or other restrictions or limitations of any nature whatsoever, including, but not limited to, such Encumbrances as may arise or be created under any contract, agreement, arrangement or obligation.
"First Closing Conditions"	:	Has the meaning ascribed to it in Section 2.1 of this Circular
"First Closing Conditions Long Stop Date"	:	Has the meaning ascribed to it in Section 2.1 of this Circular
"First Closing Date"	:	The date on which the T1 CN B was issued, being 24 March 2017
"FY"	:	Financial year of the Company or HME (as the case may be) ended or ending 31 December (as the case may be)
"Group"	:	The Company and its subsidiaries
"HME"	:	Healthway Medical Enterprises Pte. Ltd.
"HME Group"	:	HME and its subsidiaries, if any
"HME Option"	:	Has the meaning ascribed to it in Section 4.1 of this Circular
"HMG"	:	Healthway Medical Group Pte. Ltd., a wholly-owned subsidiary of the Company
"ID"	:	Independent Director of the Company
"Initial Notes"	:	The convertible notes of an aggregate principal amount of S$10 million and non-convertible notes of an aggregate principal amount of S$60 million which were initially proposed to be issued by the Company to the Subscriber on the terms disclosed in paragraphs 3.1, 3.4, 3.5 and 3.6 of the Company's announcement dated 17 January 2017
"Latest Practicable Date"	:	3 April 2017, being the latest practicable date prior to the printing of this Circular
"LPS"	:	Loss per Share
"LQN"	:	Listing and quotation notice

"Management Service Contract"	:	Has the meaning ascribed to it in Section 4.1.3 of this Circular
"Market Day"	:	A day on which SGX-ST is open for securities trading
"Maturity Date"	:	In relation to CN B, the date falling 60 months after the First Closing Date
"NED"	:	Non-executive Director of the Company
"Negative Covenant"	:	Has the meaning ascribed to it in Section 2.1(viii) of this Circular
"Net Debt"	:	The aggregate liabilities of the Company on a consolidated basis (including all the liabilities outstanding under any outstanding Notes) less its cash and cash equivalents on a consolidated basis
"Noteholder(s)"	:	The registered holder of CN B from time to time
"Notes"	:	CN B
"NTA"	:	Net tangible assets
"Offer"	:	The voluntary conditional cash offer made by RHB Securities Singapore Pte. Ltd, for and on behalf of the Offeror for all the issued and paid-up Shares (which shall, for the avoidance of doubt, include any Shares issued pursuant to the exercise of instruments convertible into, rights to subscribe for, and options in respect of, Shares, convertible securities or securities which carry voting rights during the Offer Period) in the capital of the Company, including all the Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror.
"Offer Period"	:	The period from the Offer announcement date of 7 February 2017 until the date the Offer is declared to have closed or lapsed
"Offer Shares"	:	Has the meaning ascribed to it in Section 2.1 of this Circular
"Offeror"	:	Gentle Care Pte. Ltd.
"Option Shares"	:	100% of the total issued ordinary shares in the capital of HME, being the subject of the HME Option
"Ordinary Resolution"	:	A resolution passed by a simple majority of the Shareholders present and voting in person or by proxy at a general meeting of the Company
"Permitted Debt"	:	Any unsecured borrowings incurred which, when aggregated with the Net Debt for latest preceding completed month (the "**Relevant Period**"), would not result in the ratio of the Net Debt to the Group's EBITDA (for the Relevant Period) to exceed 3.5 times
"Principal Amount"	:	The aggregate principal amount of T1 CN B and T2 CN B of S$70 million

"Proposed Acquisition"	:	The proposed acquisition of the entire issued and paid up ordinary shares in the capital of HME by HMG from the Vendor, on and subject to the terms and conditions of the Agreements
"Proposed Conversion of T2 CN B"	:	The proposed allotment and issuance of the Conversion Shares to the Subscriber upon the conversion of T2 CN B taking place
"Proposed Notes Issue"	:	The proposed issue of T2 CN B
"Proposed Transactions"	:	The Proposed Notes Issue and the Proposed Acquisition
"Purchase Consideration"	:	The aggregate consideration of S$3.54 million payable by HMG for the Proposed Acquisition, to be wholly satisfied by the off-set of advances made to the Vendor on 17 June 2013 and 21 November 2014 respectively
"Redemption Amount"	:	The redemption amount payable by the Company upon the redemption of CN B, being the Principal Amount plus a redemption premium that will provide the Noteholder(s) an internal rate of return of 6% on the Principal Amount from the relevant issue date to the Maturity Date
"Relevant Approvals"	:	Has the meaning ascribed to it in Section 2.1(vi) of the Circular
"Responses to SGX Queries"	:	The Company's responses to SGX-ST's queries of 10 February 2017, 27 February 2017, 1 March 2017, 2 March 2017 and 8 March 2017 in relation to the proposed issuance of, *inter alia*, the Initial Notes
"Securities Account"	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
"Second Closing Conditions"	:	Has the meaning ascribed to it in Section 2.1(iv) of this Circular
"SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share(s)"	:	Ordinary share(s) in the share capital of the Company
"Shareholders"	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
"SIC"	:	Securities Industry Council of Singapore
"Sponsor"	:	PrimePartners Corporate Finance Pte. Ltd.
"Subscriber"	:	GW Active Limited

"Subscription Agreement"	:	The subscription agreement between the Company and the Subscriber dated 16 January 2017 for the issue of the Initial Notes and CN B, as amended, varied and supplemented by the following: (a) the first supplemental letter dated 6 February 2017; (b) the second supplemental letter dated 13 February 2017; and (c) the amendment and restatement deed dated 23 March 2017
"Substantial Shareholders"	:	A person (including a corporation) who holds directly or indirectly 5% or more of the total Shares
"T1 CN B"	:	The first tranche of CN B of an aggregate principal amount of S$10 million which has been issued by the Company to the Subscriber on the First Closing Date
"T1 CN B Conversion Shares"	:	Up to 295,508,274 Shares to be issued to the Noteholder(s) from time to time following the conversion of T1 CN B from time to time in accordance with the Conditions
"T2 CN B"	:	The second tranche of CN B of an aggregate principal amount of S$60 million to be issued to the Subscriber on the Completion Date on the terms and conditions of the Subscription Agreement, a summary of which is set out in Section 2.3 of this Circular
"T2 CN B Conversion Shares"	:	Up to 1,773,049,645 Shares to be issued to the Noteholder(s) from time to time following the conversion of T2 CN B from time to time in accordance with the Conditions
"T2 CN B Net Proceeds"	:	Has the meaning ascribed to it in Section 2.4 of this Circular
"Vendor"	:	Mr Yeo Kay Beng
"Whitewash Resolution"	:	An Ordinary Resolution of independent Shareholders to approve the Whitewash Waiver
"Whitewash Waiver"	:	A waiver from the obligation to make a general offer for all the Shares under Rule 14.1 of the Code

Currencies, Units and Others

"S$" and "cent"	:	Singapore dollar and cent, respectively
"%" or "per cent"	:	Per centum or percentage

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA.

The term "**subsidiary**" shall have the same meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference in this Circular to Shares being allotted to a person includes allotment to CDP for the account of that person.

Any discrepancies in figures included in this Circular between the listed amounts and their totals are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, unless otherwise stated.

HEALTHWAY MEDICAL CORPORATION LIMITED

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

Board of Directors

Khoo Yee Hoe (Independent Chairman)
Wong Ong Ming, Eric (Non-Independent and Non-Executive Director)
Sonny Yuen Chee Choong (Independent Director)
Lin Weiwen Moses (Independent Director)
Ho Sun Yee (Independent Director)
Anand Kumar (Non-Independent and Non-Executive Director)

Registered Office

2 Leng Kee Road
#06-07 Thye Hong Centre
Singapore 159086

6 April 2017

To: The Shareholders of Healthway Medical Corporation Limited

Dear Sir/Madam

(1) THE PROPOSED ISSUE OF S$60 MILLION ZERO-COUPON CONVERTIBLE NOTES SERIES B DUE 2022 BY THE COMPANY TO GW ACTIVE LIMITED; AND

(2) THE PROPOSED ACQUISITION OF HEALTHWAY MEDICAL ENTERPRISES PTE. LTD.

1. INTRODUCTION

The Directors are convening the EGM to be held on 21 April 2017 at 10.30 a.m. to seek Shareholders' approval in relation to the following:

(i) the Proposed Notes Issue; and

(ii) the Proposed Acquisition.

The Proposed Notes Issue (Ordinary Resolution 1) and the Proposed Acquisition (Ordinary Resolution 2) are *not* inter-conditional upon each other.

For Shareholders' ease of reference, a summary is presented below on the approvals being sought from Shareholders, potential outcomes and impact of these outcomes:

	Voting on Resolutions	Outcome	Impact
1.	**Resolution 1** ☑ **Resolution 2** ☑	The Proposed Acquisition to be completed; and Company receives gross proceeds of S$60 million from the Proposed Notes Issue	The Company will proceed to complete the Proposed Acquisition, which is intended to enhance and bring further scale to the Group's portfolio of clinic operations and assets. The Company intends to utilise the gross proceeds of S$60 million from the Proposed Notes Issue in the following manner: i) approximately S$24 million to meet its short term liquidity needs (given slow receivables collection, impending maturity of fixed term

	Voting on Resolutions	Outcome	Impact
			borrowings, withdrawal of financial support from its creditors) and general working capital requirements; and ii) S$36 million for organic expansion of GP clinics, acquisition of specialists' clinics and paediatrics clinics. Upon receipt of the proceeds from the Proposed Notes Issue, the Company will bolster its balance sheet, resulting in its short term liquidity needs being met, outstanding debt being repaid with additional capital available for future growth.
2.	**Resolution 1**  Resolution 2 	Subscriber is not obliged to subscribe for S$60 million worth of T2 CN B. The Proposed Acquisition will **not** be completed. Company will remain a creditor to HME but does not own the HME business.	Company loses opportunity to fully control 24 Clinics in HME which will form a substantial portion of its portfolio. The Subscriber may also choose not to proceed with the subscription of S$60 million worth of T2 CN B in which case the outcome and impact set out in Scenario 4 below will apply.
3.	**Resolution 1**  Resolution 2 	The Company may elect not to proceed with the Proposed Acquisition as it deems fit in its discretion. The S$60 million tranche will **not** be disbursed.	The Company will decide whether to proceed with the Proposed Acquisition having considered all relevant facts at that point, including its balance sheet position and liquidity needs. The Company intends to utilise the gross proceeds of S$60 million from the Proposed Notes Issue in the following manner: i) approximately S$24 million to meet its short term liquidity needs (given slow receivables collection, impending maturity of fixed term borrowings, withdrawal of financial support from its creditors) and general working capital requirements; and ii) S$36 million for organic expansion of GP clinics, acquisition of specialists' clinics and paediatrics clinics.

	Voting on Resolutions	Outcome	Impact
			Without the proceeds from the issue of T2 CN B, the Company's short term liquidity funding will remain under pressure and unless alternative funding is obtained, the Company may not be able to continue as a going concern.
4.	**Resolution 1**  **Resolution 2** 	The Proposed Acquisition will **not** be completed The S$60 million tranche will **not** be disbursed.	The Company will continue to operate its existing portfolio of 74 clinics without the addition of 24 Clinics operated by HME. The Company intends to utilise the gross proceeds of S$60 million from the Proposed Notes Issue in the following manner: i) approximately S$24 million to meet its short term liquidity needs (given slow receivables collection, impending maturity of fixed term borrowings, withdrawal of financial support from its creditors) and general working capital requirements; and ii) S$36 million for organic expansion of GP clinics, acquisition of specialists' clinics and paediatrics clinics. Without the proceeds from the issue of T2 CN B, the Company's short term liquidity funding will remain under pressure and unless alternative funding is obtained, the Company may not be able to continue as a going concern.

Additionally, Shareholders should note that on 27 March 2017, RHB Securities Singapore Pte. Ltd. on behalf of the Offeror announced that the Offer has been extended to 5.30 p.m. (Singapore time) on 2 May 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror. **Shareholders are not precluded from voting on the proposed resolutions at the EGM to be convened on 21 April 2017 and making a decision with regards to accepting the Offer**.

There is no certainty that the Offer will be declared unconditional. The Company will still require additional sources of funding regardless of the outcome of the Offer.

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for, the Proposed Transactions to be tabled at the EGM.

Neither the Sponsor nor the SGX-ST assume responsibility for the accuracy of any of the statements and opinions made and reports contained in this Circular.

2. THE PROPOSED NOTES ISSUE

2.1 Background of the Proposed Notes Issue

On 17 January 2017, the Company announced that it had entered into the Subscription Agreement with the Subscriber in relation to, *inter alia*, the proposed issue of Initial Notes of an aggregate principal amount of S$70 million, which mature 2 years from the issue of the Initial Notes. The terms of the Initial Notes included, *inter alia*, a Change of Control Redemption clause. The Initial Notes and interest accrued thereon could subsequently be exchanged for fully convertible CN B with a maturity period of 5 years from the issue of the Initial Notes, upon certain conditions being met. Further details of the Initial Notes may be found in sections 3.1, 3.4, 3.5, 3.6 and 4.1 of the Company's announcement dated 17 January 2017.

On 6 February 2017, the Company announced that it had entered into the first supplemental letter to extend the deadline to fulfil the conditions to issue the Initial Notes ("**First Closing Conditions**") to 13 February 2017 ("**First Closing Conditions Long Stop Date**").

On 7 February 2017, RHB Securities Singapore Pte. Ltd. announced, for and on behalf of the Offeror, that the Offeror intends to make the Offer for all the issued and paid-up Shares (which shall, for the avoidance of doubt, include any Shares issued pursuant to the exercise of instruments convertible into, rights to subscribe for, and options in respect of, Shares, convertible securities or securities which carry voting rights during the Offer Period) in the capital of the Company, including all the Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with the Offeror (the "**Offer Shares**"). The offer price is S$0.042 per Offer Share.

On 13 February 2017, the Company announced that it had entered into the second supplemental letter to further extend the First Closing Conditions Long Stop Date to 20 February 2017.

On 24 February 2017, the Company announced, amongst others, that all the First Closing Conditions required to be fulfilled on or before the First Closing Conditions Long Stop Date had been fulfilled or waived, as the case may be, and that the Company would proceed to issue the Initial Notes on 9 March 2017, subject to all First Closing Conditions remaining satisfied and satisfaction and/or waiver of certain conditions as at 9 March 2017.

On 11 March 2017, the Company announced that, *inter alia*:

(a) the SGX-ST had on 8 March 2017, informed that having considered the Responses to SGX Queries (further details of which can be found in the Company's announcement dated 11 March 2017), is of the view that the issuance of the Initial Notes would result in a transfer of controlling interest pursuant to Rule 803 of the Catalist Rules and accordingly, the issuance of the Initial Notes should be subject to Shareholders' approval;

(b) the Subscriber had extended a 14 day grace period to the Company for it to satisfy all the First Closing Conditions;

(c) the Subscriber waived the conditions precedent for the issuance of CN B relating to the Whitewash Waiver and the Whitewash Resolution and as such, the Company no longer needs to apply to the SIC for the Whitewash Waiver or appoint an independent financial adviser or seek shareholders' approval in respect of the Whitewash Resolution; and

(d) 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.

On 23 March 2017, the Company announced that the Subscriber and the Company had agreed to certain amendments to the Subscription Agreement by way of an amendment and restatement deed, salient amendments of which are, *inter alia*, as follows:

(i) The proposed amendments involve a change of the investment structure with no issuance of the Initial Notes. Instead, the Company will issue CN B for an aggregate principal amount of S$70 million in two tranches. T1 CN B will comprise a principal amount of S$10 million, while T2 CN B will comprise a principal amount of S$60 million. Set out below are the principal terms of CN B:

  (a) CN B does **not** carry a coupon;

  (b) The maturity date for both of the T1 CN B and T2 CN B is 5 years from the First Closing Date;

  (c) CN B is redeemable at maturity at 100 per cent. of the principal amount and a redemption premium that shall enable the Noteholder to achieve an internal rate of return of 6 per cent. for the Noteholder on the principal amount of the CN B for the period from the respective issue dates of T1 CN B and T2 CN B, to the Maturity Date; and

  (d) There are no Change of Control Redemption provisions in the terms of the CN B.

(ii) T1 CN B will be disbursed on the First Closing Date scheduled for the earlier of 25 March 2017 or the date of the Company's receipt of the listing and quotation notice for T1 CN B (provided that the Company notifies the Subscriber of such receipt by no later than 5:00 p.m. on such date), provided that the conditions precedents are fulfilled and/or waived (if capable of being waived). These conditions include, *inter alia*, the Company's receipt of the following:

  (a) confirmation from the SIC that the proposed amendments specific to the issuance of T1 CN B are not regarded as a frustration of the Offer under Rule 5 of the Code;

  (b) confirmation from the SGX-ST that the T1 CN B may be issued by the Company without having obtained Shareholders' approval; and

  (c) approval-in-principle from the SGX-ST for the listing and quotation of the Conversion Shares to be issued upon the conversion of the T1 CN B.

  Following the fulfilment of conditions (ii)(a) to (c) above, T1 CN B has been issued by the Company to the Subscriber on 24 March 2017.

(iii) In accordance with the terms of the Subscription Agreement, a non-refundable upfront fee of S$1,400,000 (equivalent to 2% of the aggregate principal amount of S$70 million made available by the Subscriber), has been deducted from the principal amount of T1 CN B on the First Closing Date, due to the commitment made by the Subscriber for the entire facility amount.

(iv) T2 CN B will be disbursed 2 Business Days after all the conditions precedent ("**Second Closing Conditions**") to the disbursement of T2 CN B have been fulfilled (and remain valid and in force) and/or waived (if capable of being waived). The Second Closing Conditions include, *inter alia*:

  (a) the approval of Shareholders being received for (i) the issuance of T2 CN B and (ii) the exercise of the HME Option at the EGM;

  (b) the LQN of the SGX-ST for the issuance of the Conversion Shares pursuant to the conversion of T2 CN B having been obtained;

  (c) the issue of T1 CN B and the completion of the Proposed Acquisition having occurred;

(d) no event causing a material adverse change to the Group or the HME Group having occurred;

(e) all necessary third party consents in connection with the issue of CN B having been obtained; and

(f) the issue of the T2 CN B not being prohibited (i) by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company; or (ii) any injunction or other orders issued by any court of competent jurisdiction.

The long stop date for the Second Closing Conditions shall be 21 April 2017. **As at the Latest Practicable Date, conditions (iv)(b) and (e) have been met.**

(v) The Company will pledge the shares of all its subsidiaries and, upon exercise of the HME Option, the shares of HME, to the Subscriber to secure, *inter alia*, the obligations of the Company under both of the T1 CN B and T2 CN B upon disbursement of T2 CN B. For the avoidance of doubt, in the event that T2 CN B is not disbursed, T1 CN B will remain unsecured.

(vi) On the First Closing Date, the Subscriber shall have the right to appoint one NED nominated by the Subscriber (subject to having obtained the Nominating Committee's, the Board's and Sponsor's approval (collectively, the "**Relevant Approvals**") to the Board, and until the disbursement of T2 CN B, the Subscriber shall not have any of the following rights:

(a) rights to nominate the second NED for appointment;

(b) rights to review the suitability of the IDs in advance of their appointment;

(c) rights to nominate the CFO for appointment; or

(d) rights to consent to the appointment of, removal of, or change in role of the CEO and CFO.

The above rights shall vest in the Subscriber immediately upon the disbursement of T2 CN B and the Company shall (subject to receiving the Relevant Approvals) take all such steps as necessary to effect the Subscriber's nominee as CFO and an additional NED to the Company on the date of disbursement of T2 CN B.

(vii) The reconstitution of the Board (comprising 2 directors nominated by the Subscriber and 2 independent directors whose suitability shall be reviewed by the Subscriber in advance) shall take place at the Company's upcoming annual general meeting, which is scheduled to take place after the EGM.

(viii) The Company has to obtain the Subscriber's prior written consent if it wishes to undertake material transactions, undertakings and corporate actions (the "**Negative Covenant**"), upon the disbursement of the T2 CN B. In the event that T2 CN B is not disbursed after the First Closing Date, the Company is not bound by the Negative Covenant. However, the Subscriber will have the right to elect not to proceed to disburse either of T1 CN B or T2 CN B should the Company undertake any such material transactions, undertakings and corporate actions prior to the issue of T1 CN B or T2 CN B. For the avoidance of doubt, if such actions occur after T1 CN B has been issued but before the issue of T2 CN B, this will not, of itself, constitute an event of default under the conditions of T1 CN B.

(ix) The Company is required to despatch the Circular for the Proposed Transactions by 6 April 2017 and convene the EGM by no later than 21 April 2017. In the event that the Company has exercised its best endeavours but is unable to meet the aforesaid stipulated timelines, *inter alia*, due to the approval process by any relevant regulatory authority, the parties may mutually agree to extend the time required to meet such timelines. In the event no mutual

agreement is reached, either the Company or the Subscriber may terminate the Subscription Agreement and the parties shall have no further obligations to each other (save for any provisions which survive termination, including the obligation of the Company to reimburse the Subscriber for costs).

On 21 March 2017, based on the aforesaid amendments to the Subscription Agreement, the SGX-ST had informed the Company that T1 CN B may be issued by the Company without having obtained Shareholders' approval pursuant to Rule 803 of the Catalist Rules on the following basis:

(I) the Subscriber will nominate 1 NED, with the existing Board of 5 members remaining;

(II) Shareholders' approval will be obtained before the Company can draw down on T2 CN B;

(III) the Board will not be reconstituted until Shareholders' approval for issuance of T2 CN B is obtained;

(IV) the Subscriber will only be able to exercise its rights under the Negative Covenant after Shareholders approve the issuance of T2 CN B; and

(V) all other key terms (such as reviewing suitability of IDs by the Subscriber, nomination of CFO by the Subscriber, the security pledge and seeking the Subscriber's consent for appointment, removal or change of the CEO and CFO) will only apply after Shareholders approve the issuance of T2 CN B.

On 24 March 2017, in accordance with the terms of the Subscription Agreement as amended, the Company issued the T1 CN B to the Subscriber and appointed Mr Anand Kumar as a Non-Independent Non-Executive Director of the Company.

On 3 April 2017, **the Subscriber announced that it does not intend to make a general offer for all the issued Shares.** In accordance with the Code, as the Subscriber has announced that it does not intend to make a general offer for all the Shares, unless otherwise approved by the SIC, the Subscriber will be prohibited under the Code from, for a period of six (6) months from 3 April 2017: (a) announcing an offer or possible offer for the Company; or (b) acquiring any Shares which would result in the Subscriber holding Shares which carry 30 per cent. or more of the voting rights of the Company.

2.2 **Information on the Subscriber**

The Subscriber is a special purpose entity, which has been specifically set up for this Proposed Transaction, and is wholly and indirectly owned by Gateway Fund I L.P., a fund managed by Gateway Partners Limited ("**Gateway**"). Gateway is an investment firm focused on growth capital and special situations across the fast-growing markets of South East Asia, South Asia, Middle East and Africa. Gateway operates from two offices in Singapore and Dubai (DIFC). The Singapore and Dubai management companies are regulated by the Monetary Authority of Singapore and Dubai Financial Services Authority, respectively. The Limited Partners of Gateway Fund I L.P. comprises sovereign wealth funds, corporates, family offices and high net worth individuals. More information on Gateway can be found at www.gatewayfund.net.

Gateway was introduced by a third party individual with whom the Company has maintained contact from October 2016 in its effort to engage potential capital providers. No fee or commission has been paid or is payable by the Company to the introducer in relation to the Proposed Notes Issue by the Company. To the best of the Company's knowledge, the introducer has no relationship with any of the Company's existing Directors or Substantial Shareholders.

To the best of the Company's knowledge, save for Mr Anand Kumar who has been nominated as a NED by the Subscriber and appointed to the Board pursuant to and in accordance with the terms of the Subscription Agreement, none of the Company's Directors or Substantial Shareholders has any connection (including business relationship) with the Subscriber, its directors or substantial shareholders.

2.3 **Terms of T2 CN B**

Pursuant to the Subscription Agreement, the Company shall issue the T2 CN B to the Subscriber on the Completion Date on, *inter alia*, the following terms and conditions:

Principal Amount of T2 CN B	S$60 million, issuable in multiples of S$1,000,000 (or such other multiples as the Company may determine).
Conversion Price	S$0.03384 per Conversion Share.
Coupon Rate	The CN B bears no coupon.
Maturity Date	5 years from the First Closing Date.
Security	Secured by a pledge and/or charge of the shares of all the companies in the Group. The shares of HME shall also be pledged and/or charged in the event the Group exercises the HME Option, and such acquisition is approved by Shareholders and duly completed. The aforesaid security shall also secure the principal amount of T1 CN B of S$10 million with effect from the Completion Date.
Ranking	The CN B shall rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company (other than subordinated obligations and priorities created by law).
Conversion	Convertible in whole or in part at any time at the option of the Noteholder on and from the Completion Date up to the close of business on the day falling 7 Business Days prior to the Maturity Date.
Maturity Redemption Price	The Company shall redeem the outstanding CN B (not converted by the Noteholder) on the Maturity Date in cash at 100% of the Principal Amount and a redemption premium that will provide the Noteholder an internal rate of return of 6% on the Principal Amount for the period from the respective issue dates of the T1 CN B and T2 CN B to the Maturity Date.
Transferability	The CN B are freely transferable, by depositing a completed form of transfer together with the original Note Certificate at the Company's registered office. For the avoidance of doubt, the Subscriber shall be entitled, after its issuance, to transfer the CN B to any person under Rule 812(1) of the Catalist Rules as it deems fit in its sole discretion.
Adjustment and Modification	In compliance with Rules 829 and 830 of the Catalist Rules, the Company will: (i) announce any adjustment made to the Conversion Price and, where appropriate, the number of the CN B, in the event of rights, bonus or other capitalisation issues; and (ii) obtain Shareholders' approval for any material alteration to the conditions of the CN B after the issuance of the T1 CN B and T2 CN B which is to the advantage of the Noteholder(s), except where the alterations are made pursuant to the terms and conditions of the CN B.

Rights of Subscriber

On the Completion Date, the Subscriber shall have, *inter alia*, the following rights:

(i) rights to nominate another NED for appointment in accordance with the Subscription Agreement (giving the Subscriber the right to nominate a total of 2 NEDs);

(ii) rights to review the suitability of 2 IDs in advance of their appointment; and

(iii) rights to nominate the CFO for appointment.

The Company shall (subject to receiving the Relevant Approvals) immediately appoint the Subscriber's nominee as CFO and NED to the Company on the Completion Date.

Undertakings

The Company undertakes, *inter alia*:

(i) not to modify the rights attaching to the Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to Shares;

(ii) to furnish each Noteholder with monthly management accounts of the Group no later than 15 days after the end of each month and the Net Debt to EBITDA ratio of the Group for each quarter of the financial year, within 15 days after the end of each quarter and at the request of the Noteholder, allow access to inspect the Group's premises, books, title deeds and provide access to the officers and management of the Group subject to appropriate confidentiality undertakings being provided by the Noteholder; and

(iii) in the event that the Group has incurred any unsecured debt, to procure and ensure that the Group's Net Debt to EBITDA ratio for each quarter of the financial year is at or below 3.5 times.

Restrictive Covenants

With effect from (and including) the Completion Date, without the consent of the Noteholder(s) holding in aggregate majority in value of the principal amount under the outstanding CN B (whose consent shall not be unreasonably withheld), the Group may not, *inter alia*:

(i) propose, approve, adopt, effect, implement or take any steps to implement any winding up, dissolution, liquidation, voluntary insolvency or bankruptcy proceeding, restructuring, recapitalisation or other re-organisation;

(ii) cease to conduct business or materially alter the nature and scope of its business;

(iii) acquire or enter into any new business, merger, amalgamation, reorganisation, liquidation or dissolution and formation of any joint venture involving an investment or capital amount exceeding S$1,000,000;

(iv) make further investments, advances or incur further liabilities, contingent or otherwise, in whatsoever form, in relation to the Group's medical centre business in the People's Republic of China;

(v) dispose of any assets with the value exceeding S$3,000,000;

(vi) make any capital expenditure in excess of S$1,000,000, enter into, or exercise an option in relation to, any agreement or incur any commitment involving any capital expenditure in excess of S$1,000,000 (other than in its ordinary course of business);

(vii) issue or incur any debt (except for Permitted Debt, and is subject to the compliance with the undertakings in (ii) and (iii) above), or contingent liabilities, or create any Encumbrances over the Group's assets or undertakings;

(viii) create, allot or issue any Shares, convertible securities, options or other equity-linked instruments or any rights to subscribe for the same, except for the issue of the Conversion Shares in accordance with the Conditions, and any issue of Shares for cash under the Company's general share issue mandate approved by Shareholders on 29 April 2016 (after taking into account the issue of the Notes and the placement of 133,000,000 Shares completed on 26 September 2016) and prior to the expiry of the general share issue mandate, provided that the issue price of each Share shall be in accordance with the requirements of the Catalist Rules and is not lower than the Conversion Price;

(ix) declare, pay or make any dividends or other distributions (whether in cash or *in specie*), except for any dividend declared on or after the date falling 24 months after the First Closing Date, provided that such dividends (when aggregated with all other dividends declared, paid or made in the same financial year) does not exceed 25% of the aggregate distributable net profit of the Company for that financial year in which such dividend is declared;

(x) replace, appoint or remove any external or statutory auditors;

(xi) enter into any related party transactions;

(xii) alter its capital and share structure in any way;

(xiii) buy-back its shares or enter into a buy-back agreement or resolve to approve the terms of a buy-back agreement; or

(xiv) enter into any service contracts, employment agreements or appointment arrangements with regards to the appointment, removal, or change in role of the CEO and the CFO.

Events of Default

The CN B shall immediately become due and repayable at the Maturity Redemption Price (without prejudice to the Noteholder's conversion rights) upon the occurrence of, *inter alia*, any of the following events:

(i) a default is made by the Company in the payment of any amounts due in respect of the CN B;

(ii) (a) any present or future indebtedness of the Group becomes due and payable prior to its stated maturity for any reason whatsoever, or (b) the Group fails to pay any amount falling due, or (c) any default or event of default having occurred in relation to the Group under any of its present or future indebtedness which is incapable of being cured or, if capable of being cured, is not cured within 7 Business Days after event of such default;

(iii) the Company is wound up or dissolved otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation or which is approved by the Shareholders and the Noteholder(s), as the case may be, and upon which the continuing corporation effectively assumes the entire obligations of the Company under the CN B;

(iv) an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed in respect of the whole or any substantial part of the property, assets or revenue of the Company and is not discharged within 30 days;

(v) proceedings shall have been initiated against the Company under any applicable bankruptcy, reorganisation or insolvency law and such proceedings have not been discharged or stayed within a period of 30 days;

(vi) the Company makes a general assignment for the benefit of, or enter into any composition with, its creditors;

(vii) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of the Company, which is material in its effect upon the operations of the Company or the Group as the case may be, and is not discharged within 30 days thereof;

(viii) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under the CN B, the Subscription Agreement or the transaction documents for the issue of CN B or any consent or approval required to make the Company's obligations under any of these documents legally binding and enforceable is not obtained;

(ix) there is a breach of any of the warranties, representations, undertakings or obligations of the Company under the CN B, the Subscription Agreement or transaction documents for the issue of CN B which is incapable of remedy or, if capable of remedy, is not remedied within 7 Business Days;

(x) trading in the Shares (including the Conversion Shares) on the SGX-ST (a) is suspended for a period of 7 or more consecutive Market Days, or (b) is suspended or limited due to fraudulent activities, insider trading, misleading information or misstatements or any other illegal or manipulative practices that the Company is allegedly involved;

(xi) the Shares (including the Conversion Shares) are delisted from the SGX-ST; or

(xii) after incurring any Permitted Debt the Company fails to maintain the Group's Net Debt to EBITDA ratio at or below 3.5 times.

Taxation and gross-up All payments in respect of the CN B to the Noteholder shall be made without withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature unless required by law, in which case the Company shall pay for such additional amounts.

The Company will announce the date of maturity of the CN B and send a notice of such maturity to Noteholder(s) at least one (1) month before the Maturity Date.

2.4 **Use of Proceeds**

Taking into account the immediate short term liquidity needs of the Company as disclosed in its announcement dated 11 March 2017, the net proceeds to be raised by the Company from the issuance of T1 CN B (after deducting estimated expenses of S$1.7 million) is approximately S$8.3 million. The Company has utilised all net proceeds from the issuance of T1 CN B for the payments of (i) remaining salaries for February 2017; and (ii) salaries for March 2017, as announced on 28 March 2017.

The net proceeds from the issuance of T2 CN B (assuming shareholders' approval is obtained for the issuance of T2 CN B) are expected to be S$59.8 million (the "**T2 CN B Net Proceeds**") after deducting estimated expenses of S$0.2 million. The Company intends to utilise approximately S$23.8 million of the T2 CN B Net Proceeds to meet its short term liquidity needs (including repayment of existing facilities and payment of salaries) and the remaining S$36.0 million for, *inter alia*:

(a) Organic expansion of GP clinics, in locations such as Jurong, Tuas, Boon Lay, Tiong Bahru, Kallang Bahru, Aljunied, Bishan, Admiralty, Bukit Panjang, Yio Chu Kang, Bukit Gombak and East Coast. The estimated total cost of setting up these clinics in 2017 is S$2.0 million; and

(b) Acquisition of specialists' clinics, for specialties such as oncology, dermatology and paediatrics. The locations identified for the oncology and dermatology clinics are hospital-based, where most of the Company's specialists are presently housed, providing more synergy between our specialists. The budget for these hospital based acquisitions is approximately S$16.0 million. The Company has also been reviewing potential acquisitions for the paediatrics clinics in the heartlands such as Jurong, Tampines, Bukit Panjang and Holland Village, for an estimated total of S$18.0 million.

Pending deployment, the T2 CN B Net Proceeds may be placed may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Group.

The Company will make periodic announcements on the utilisation of the T2 CN B Net Proceeds as and when the funds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the use of the T2 CN B Net Proceeds in the Company's interim and full year financial statements and the Company's annual report. Where the T2 CN B Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the T2 CN B Net Proceeds have been applied in the announcements and the status report. Where there is any material deviation from the stated use of the T2 CN B Net Proceeds, the Company will announce the reasons for such deviation.

2.5 **Rationale of the Proposed Notes Issue**

The Company continually assesses fund raising options in order to prudently manage its short-term liquidity needs, optimise its capital structure and bolster its balance sheet for future growth.

As disclosed in the Company's announcement dated 11 March 2017, the Company has been faced with tight liquidity issues since June 2016. As disclosed in its unaudited full year results for FY2016 as announced on 24 February 2017, the Company had cash and cash equivalents of S$2,436,000 and trade and other receivables of S$67,665,000 (including the net amounts after impairments due from HME of approximately S$47,459,000) against trade and other payables of S$27,726,000 and borrowings of S$13,657,000. As the Company has not been able to collect its trade receivables quickly even after engaging debt collection agencies to assist with the collection, the net cash generated from operating activities (after changes in working capital) had fallen to S$3,960,000 for FY2016 compared to S$10,815,000 for the same period last year. This has impacted the Company's ability to repay its loans and debt coming due from its cash flows from operations.

The Company has faced difficulty in securing financing to repay facilities that have fallen or are falling due as a result of its weak financial position. It was also unable to secure commitments from existing lenders to refinance these facilities and/or new lenders to repay its existing loans. Disregarding the T1 CN B issued on 24 March 2017, the recent S$3.0 million of loans which the Company has managed to secure in 2017 are short-term (with a tenure of 5 to 6 weeks at effective interest rates (after upfront and service fees) of 26% to 46% per annum). In comparison, the CN B are without coupon for a period of 5 years from the First Closing Date and redeemable at the end of 5 years at the Redemption Amount.

Other than the weak financial condition of the Company that has caused it to be unable to obtain financing from new banks and financial institutions and additional financing from existing financiers, the Company was also plagued by negative publicity due to the SGX's "trade with caution" announcement issued to the public on 9 September 2015 regarding International Healthway Corporation Limited's ("**IHC**") shares, as the then Controlling Shareholders were the same controlling shareholders of IHC at the relevant time, and IHC was an entity that had been spun-off from the Company.

In light of the predicament of the Company as foresaid, the funding offered by Gateway was a timely solution for urgency for short term funding and requirement for long term funding to the Group. The Subscription Agreement provides funding to meet the Company's liquidity needs, repay its bank loans to reduce financial risk, and expand growth capital to improve enterprise value. It also resolves the Company's need to rely on the expensive short term loans and providing it with funding to undertake further growth and expansion plans beneficial to the Company and Shareholders. Notwithstanding that the Company has received the net proceeds from the issue of T1 CN B on 24 March 2017, the net proceeds from the issue of T1 CN B have been fully utilised as at 28 March 2017.

The Directors are of the opinion that:

(a) after taking into consideration the Group's present bank facilities, the working capital available to the Group is **not sufficient** to meet its present requirements; however

(b) after taking into consideration the Group's present bank facilities and the T2 CN B Net Proceeds, the working capital available to the Group **will be sufficient** to meet its present requirements

2.6 **The Conversion Shares**

The Conversion Price of S$0.03384 per Share is at a 10% discount to the volume weighted average price of S$0.0376 per Share for trades done on the Shares on the SGX-ST on 11 January 2017 (being the preceding full Market Day in which there was trading in the Shares prior to the signing of the Subscription Agreement) and up to the time of the trading halt of the Shares on 12 January 2017.

The Conversion Shares, when issued by the Company, will rank *pari passu* in all respects with and carry all rights similar to the then existing Shares, save that they will not rank for any dividends, rights, allotments or other distributions, the record date for which precedes the relevant date of issue of such Conversion Shares.

2.7 **Shareholders' approval required for the Proposed Notes Issue**

The issue of the T2 CN B is subject to the approval of Shareholders under Section 161 of the Companies Act, and Rules 805(1) and 803 of the Catalist Rules.

Rule 803 of the Catalist Rules prohibits the issuance of securities to transfer a controlling interest without prior Shareholders' approval. Pursuant to the Proposed Notes Issue and the Proposed Conversion of T2 CN B, if the Subscriber or the Noteholder(s) (as the case may be) exercises its right to convert the entire T2 CN B into Conversion Shares, the maximum number of T2 CN B Conversion Shares to be issued is 1,773,049,645, representing approximately 39.15% of the enlarged share capital of 4,528,792,102 Shares (assuming the full conversion of T1 and T2 CN B). This will exceed the limits of the general share issue mandate granted by Shareholders on 29 April 2016 and, will or might result in a transfer of controlling interest to the Subscriber or Noteholder(s) (as the case may be).

The Subscriber currently holds 72,678,400 Shares. In the event that all the T1 CN B and T2 CN B are converted into Conversion Shares, comprising 2,068,557,919 Shares, the Subscriber will hold 2,141,236,319 Shares, representing approximately 47.28% of the enlarged share capital of 4,528,792,102 Shares.

As disclosed in Section 2.1 of this Circular, the Subscriber does not intend to make a general offer for all the issued Shares. Please refer to Section 3 of this Circular entitled "Changes in Shareholding Structure" for further information regarding the change in shareholding interests of the Company pursuant to the conversion of T1 CN B and T2 CN B.

The CN B are freely transferable. As at the Latest Practicable Date, the Subscriber has not entered into any agreement with any restricted person under Rule 812(1) of the Catalist Rules, to dispose of any of the CN B.

2.8 **Listing and Quotation Notice**

The Sponsor has submitted an additional listing confirmation to the SGX-ST on behalf of the Company for the listing and quotation of the T2 CN B Conversion Shares on the Catalist.

On 31 March 2017, the Company received the LQN from the SGX-ST for the listing of and quotation for up to 1,773,049,645 T2 CN B Conversion Shares pursuant to the Proposed Notes Issue, subject to the following conditions:

(a) compliance with the SGX-ST's listing requirements; and

(b) Shareholders' approval being obtained for the Proposed Notes Issue at the EGM to be convened.

The LQN in respect of the T2 CN B Conversion Shares is not to be taken as an indication of the merits of the T2 CN B Conversion Shares, the Proposed Notes Issue, the Company, its subsidiaries and their securities.

3. CHANGES IN SHAREHOLDING STRUCTURE

The effects of the Proposed Notes Issue and the conversion of CN B on the shareholdings interests of the Directors and Substantial Shareholders, based on the Register of Directors' Shareholdings and Register of Substantial Shareholders' Shareholdings, respectively and update from Substantial Shareholders (if any), as at the Latest Practicable Date, are as follows:-

	As at the Latest Practicable Date		Upon conversion of T1 CN B only		Upon conversion of T2 CN B only		Upon conversion of T1 CN B and T2 CN B	
	Number of Shares		Number of Shares		Number of Shares		Number of Shares	
	Total Interest	%[1]	Total Interest	%[2]	Total Interest	%[3]	Total Interest	%[4]
Directors								
Khoo Yee Hoe	-	-	-	-	-	-	-	-
Wong Ong Ming, Eric[5]	293,464	0.01	293,464	0.01	293,464	0.01	293,464	0.01
Lin Weiwen Moses	-	-	-	-	-	-	-	-
Sonny Yuen Chee Choong	-	-	-	-	-	-	-	-
Ho Sun Yee	-	-	-	-	-	-	-	-
Anand Kumar	-	-	-	-	-	-	-	-
Substantial Shareholders								
Chee Yin Meh[6]	403,738,212	16.41	403,738,212	14.65	403,738,212	9.54	403,738,212	8.91
Lippo Capital Limited[7]	565,787,438	23.00	565,787,438	20.53	565,787,438	13.37	565,787,438	12.49
Subscriber								
GW Active Limited	72,678,400	2.95	368,186,674	13.36	1,845,728,045	43.60	2,141,236,319	47.28

Notes:

(1) Based on 2,460,234,183 Shares in the capital of the Company as at the Latest Practicable Date.

(2) Based on 2,755,742,457 Shares in the capital of the Company assuming that all the T1 CN B is converted.

(3) Based on 4,233,283,828 Shares in the capital of the Company assuming that none of the T1 CN B is converted and all the T2 CN B is converted.

(4) Based on 4,528,792,102 Shares in the capital of the Company assuming that all the T1 CN B and T2 CN B are converted.

(5) Wong Ong Ming, Eric is deemed interested in 19,380 Shares registered in the name of his spouse, Chong Nancy.

(6) Chee Yin Meh is deemed interested in an aggregate of 403,738,212 Shares by virtue of her interest in OOL.

(7) Lippo Capital Limited and its subsidiaries, Valiant Leader Limited, Tamsett Holdings Limited, Rickon Holdings Limited, Lippo China Resources Limited, Skyscraper Realty Limited, First Tower Corporation, and Lippo Limited, are deemed interested in 565,787,438 Shares (excluding valid acceptances of the Offer) held by the Offeror, being a wholly-owned subsidiary of Valiant Leader Limited.

Save for T1 CN B, which is convertible into approximately 12.01% of the existing 2,460,234,183 Shares or 10.72% of the enlarged share capital of 2,755,742,457 Shares (assuming all the T1 CN B is converted) and 72,678,400 Shares held as at the Latest Practicable Date, the Subscriber is not interested in any Shares or instruments convertible into, rights to subscribe for and/or options in respect of Shares issued by the Company.

4. THE PROPOSED ACQUISITION

4.1 Background of HME, the Vendor and the Proposed Acquisition

4.1.1 HME

HME was incorporated on 12 February 2000 as a wholly-owned indirect subsidiary of the Company. The principal business of HME is the provision of medical services, and the dealing in pharmaceutical and medical products in Singapore.

As at the Latest Practicable Date, HME owns 24 clinics ("**Clinics**"), details of which are as follows:

1 Healthway Diagnostic Centre
2 Healthway Japanese Dental
3 Healthway Japanese Medical Centre - The Centrepoint
4 Healthway Medical Clinic - Bedok South
5 Healthway Medical Clinic - Clementi Avenue 3
6 Healthway Medical Clinic - Holland Drive
7 Healthway Medical Clinic - Pasir Ris MRT Station
8 Healthway Medical Clinic - Punggol Place
9 Healthway Medical Clinic - Tampines Central 1
10 Healthway Medical Clinic - Tampines Street 21
11 Healthway Medical Clinic - Toa Payoh Lorong 6
12 Healthway Medical Clinic - Towner Road
13 Healthway Medical Clinic - Westgate
14 Healthway Medical Clinic - Yishun Avenue 5
15 Healthway Screening & Wellness Centre - The Centrepoint
16 Neuglow Dental - The Centrepoint
17 Neuglow The Aesthetics Doctors - Novena Medical Centre
18 Nobel Chest & Internal Medicine Centre - Mount Alvernia Medical Centre
19 Nobel ENT, Head, Neck & Thyroid Surgery Centre - Mount Alvernia Hospital
20 Nobel Eye & Vision Centre - Mount Alvernia Hospital
21 Nobel Heart Centre - Mount Alvernia Hospital
22 Nobel Psychological Wellness Clinic - Ang Mo Kio Avenue 10
23 Nobel Psychological Wellness Clinic - Novena Medical Centre
24 Nobel Surgery Centre - Mount Alvernia Medical Centre

4.1.2 The Vendor

The Vendor is Mr Yeo Kay Beng, an independent unrelated third party to the Company and who is not an associate of the Directors, the President of the Company and the Company's Controlling Shareholders.

4.1.3 The Proposed Acquisition

On 21 December 2010, the Company announced that HMG had disposed of HME (which owned several clinics in Singapore) to the Vendor for an aggregate consideration of S$2.0 million, as it was a timely opportunity for the Company to realise its investment in HME and would allow the Group to enhance its financial performance. The Group was also granted an option to acquire the Option Shares from the Vendor within 2 years from the aforesaid sale, which is extendable to 3 years upon mutual agreement, at certain predetermined prices depending on the time of exercise of the option. In addition, the Vendor had also granted an option to the Group to acquire the medical clinics owned by HME, each at a certain pre-determined or agreed upon price, within 3 years from 15 November 2010 (being the date of the grant of the option) (collectively the "**HME Option**").

The Group had also entered into a separate management service contract with HME to manage the operations of the medical clinics owned by HME ("**Management Service Contract**") for a period of 3 years, which is renewable upon mutual agreement. The Group and the Vendor have mutually extended the HME Option and Management Service Contract several times due to, *inter alia*, (a) the inability of HME in meeting certain terms of the Agreements for HMG to exercise the HME Option to acquire HME; and (b) the constraints arising from the Company's proposed scheme of arrangement with IHC as announced on 19 June 2015, resulting in a delay in the acquisition of HME.

The Group billed monthly management fees and staff secondment fees to HME for the provision of such management services. The Group stopped billing the management fees and staff secondment fees to HME in FY2016 as HME was unable to make payments for the same, but continued to provide management services and staff secondment services as the Group intended to acquire HME eventually.

The Group had made loans to HME for an aggregate principal amount of S$65 million over 7 years for capital expenditure to set up new clinics in various locations in Singapore. HME has since expanded from 12 clinics as at the end of FY2010 to 24 clinics as at the Latest Practicable Date.

Upon completion of the Proposed Acquisition, the outstanding receivables of S$65 million will be accounted for as goodwill.

As announced on 30 December 2016, the Group extended the expiry date of the HME Option to 31 March 2017.

On 30 March 2017, the Company announced that HMG had entered into a supplementary addendum with the Vendor and HME to amend the Agreements, *inter alia*, as follows:

(a) The Option Shares, when transferred to HMG, shall include all rights and interests to the Clinics;

(b) The Purchase Consideration for the purchase of the Option Shares (which shall include all rights and interest to the Clinics) shall be S$3,540,000 and in the event of the HME Option being exercised, the Purchase Consideration shall be settled via the offset of the advances made on 17 June 2013 and 21 November 2014, and no further cash payment is required from HMG;

(c) The expiry of the HME Option shall be extended from 31 March 2017 to 30 June 2017, and the exercise of the HME Option shall be subject to the fulfilment of the following conditions:

    (i) the approval of Shareholders at the EGM being obtained for the exercise of the HME Option, the purchase of the Option Shares, and such other matters as are necessary in compliance with the relevant provisions of the Catalist Rules; and

    (ii) the Vendor, HME or HMG not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the Agreements, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened; and

(d) Unless otherwise agreed, completion of the transfer of the Option Shares (together with all rights and interest to the Clinics) shall occur on the same day on which the HME Option is exercised.

4.2 **Purchase Consideration**

The Purchase Consideration of S$3.54 million for the Proposed Acquisition was arrived at on a willing buyer and willing seller basis, taking into account, *inter alia*, the intrinsic value of HME comprising 24 clinics operating in various locations across Singapore, and that HME is progressing towards break-even point for its operations.

The Purchase Consideration for the Proposed Acquisition will be wholly-satisfied by the off-set of advances made to the Vendor on 17 June 2013 and 21 November 2014 respectively. **As such, the Proposed Acquisition will not result in any further cash outlay from the Group.**

4.3 **Completion**

The HME Option, once exercised, is not subject to any other conditions. Completion is scheduled to occur on the day of the EGM, assuming that Shareholders' approval for the Proposed Acquisition is obtained.

4.4 **Rationale of and benefits for the Proposed Acquisition**

As at the Latest Practicable Date, HME operates a group of 24 clinics in Singapore. The Proposed Acquisition is part of HMC's inorganic growth strategy and will enhance and bring further scale to the Group's portfolio of clinic operations and assets. Pursuant to the completion of the Proposed Acquisition, the Group will own and operate a total of 98 clinics and be one of the largest clinic chain operators in Singapore.

Based on information provided by HME as at the Latest Practicable Date:

(a) The EBITDA of the Clinics for the past 3 financial years are as follows:

CLINIC LEVEL ONLY

	Unaudited FY2016 S$'000	**Unaudited FY2015 S$'000**	**Audited FY2014 S$'000**
EBITDA	736	(654)	(2,505)
Profit/(Loss) before tax	215	(1,176)	(3,047)
Cash generated from/(used in) operations	713	(5,611)	(7,981)

The EBITDA for the Clinics have improved over the past 3 financial years, largely due to increased revenue and lower overheads. The Clinics are gradually maturing and moving towards achieving an optimal scale of operations and/or profitability.

(b) The expenses incurred at the corporate level are as follows:

CORPORATE LEVEL ONLY

	Unaudited FY2016 S$'000	Unaudited FY2015 S$'000	Audited FY2014 S$'000
Other income	108	87	48
Finance cost	(25)	(1,807)	(2,182)
Other operating expenses	(424)	(318)	(206)
Impairment loss on plant and equipment	-	-	(1,027)
Allowance for doubtful trade and other receivables	-	-	(1,547)
Management fees	-	(900)	(1,200)
Staff Secondment fees	-	(3,304)	(4,405)
Total Corporate Costs	**(341)**	**(6,242)**	**(10,519)**

(c) As a result of the aforementioned, the loss before tax of HME is as follows:

HME

	Unaudited FY2016 S$'000	Unaudited FY2015 S$'000	Audited FY2014 S$'000
Loss before tax	(126)	(7,418)	(13,566)

Due to high corporate expenses, HME has recorded losses over the past 3 financial years.

As at 31 December 2016, HME owes the Group approximately S$65 million. In relation to the aforesaid S$65 million, HMC had made an impairment of S$3 million and S$15 million on the amounts owing by HME to the Group in FY2015 and FY2016, respectively. As such, the Board is of the opinion that it is in the interest of the Group to obtain control over HME's business and operations as this would, *inter alia*, allow the management to better manage HME's assets.

Based on the following assumptions, the Group's working capital at the end of FY16 would be as follows:

Assumptions	Working Capital / Net Current Assets S$'000
Completion of Proposed Acquisition only	(18,333)
Completion of Proposed Acquisition and Issuance and Conversion of T1 CN B T2 CN B into Shares	46,761

Further details on the aforementioned can be found in Appendix 2 of this Circular.

In light of the aforesaid, in particular, that (a) the Proposed Acquisition has no significant impact to the actual cash flow of the Group; and (b) management would be in a better position to control HME's business and operations to recover the outstanding receivables of S$65 million owed by HME to the Group, the Board is of the opinion that notwithstanding the Group would be in a negative working capital position after the Proposed Acquisition (assuming the T2 CN B is not issued), the Proposed Acquisition is in the best interest of the Group and Shareholders.

4.5 **Book value of HME**

The latest unaudited book value and net liabilities of HME as at 31 December 2016 was approximately S$64.1 million and the unaudited net losses attributable to HME as at 31 December 2016 were approximately S$126,000.

The Purchase Consideration is at a premium to the value attributable to the Option Shares based on the latest unaudited book value attributable to HME.

No valuation was commissioned in respect of HME.

4.6 **Shareholders' approval required for the Proposed Acquisition under Chapter 10 of the Catalist Rules**

The Proposed Acquisition is governed by Chapter 10 of the Catalist Rules. The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition and based on the Company's latest announced unaudited consolidated financial statements for FY2016 are as follows:

Rule	Bases	Relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets	Not applicable.
(b)	The net loss attributable to the assets acquired or disposed of, compared with the Group's net loss[(1)]	0.31%[(2)]
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	3.38%[(3)]
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable.
(e)	Aggregate volume or amount of proved and probable reserved to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable.

Notes:

(1) "Net loss" means loss before income tax, minority interests and extraordinary items

(2) Based on the unaudited net losses before tax attributable to the Option Shares for FY2016 of S$126,000 and the Group's unaudited consolidated net losses before tax of S$40,339,000 for FY2016.

(3) Based on the Purchase Consideration of S$3.54 million, and the Company's market capitalisation of S$104.81 million based on 2,460,234,183 issued Shares and the weighted average price per Share of S$0.0426 as at the Latest Practicable Date.

The Company is seeking the approval of the Shareholders at the EGM for the Proposed Acquisition under Rule 1007(1) of the Catalist Rules as HME is a loss-making entity.

4.7 **Service contracts of Directors**

There are no directors proposed to be appointed to the Company in connection with the Proposed Acquisition.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS AS AT THE LATEST PRACTICABLE DATE

The shareholding interests of Directors and Substantial Shareholders based on the Register of Directors' Shareholdings and Register of Substantial Shareholders' Shareholdings, respectively and update from Substantial Shareholders (if any), as at the Latest Practicable Date, are as follows:-

	Number of Shares			
	Direct interest	Deemed interest	Total Interest	%[1]
Directors				
Khoo Yee Hoe	-	-	-	-
Wong Ong Ming, Eric[2]	274,084	19,380	293,464	0.01
Lin Weiwen Moses	-	-	-	-
Sonny Yuen Chee Choong	-	-	-	-
Ho Sun Yee	-	-	-	-
Anand Kumar	-	-	-	-
Substantial Shareholders				
Chee Yin Meh[3]	-	403,738,212	403,738,212	16.41
Lippo Capital Limited[4]	-	565,787,438	565,787,438	23.00

Notes:

(1) Based on 2,460,234,183 Shares in the capital of the Company as at the Latest Practicable Date.

(2) Wong Ong Ming, Eric is deemed interested in 19,380 Shares registered in the name of his spouse, Chong Nancy.

(3) Chee Yin Meh is deemed interested in an aggregate of 403,738,212 Shares by virtue of her interest in OOL.

(4) Lippo Capital Limited and its subsidiaries, Valiant Leader Limited, Tamsett Holdings Limited, Rickon Holdings Limited, Lippo China Resources Limited, Skyscraper Realty Limited, First Tower Corporation, and Lippo Limited, are deemed interested in 564,762,138 Shares (excluding valid acceptances of the Offer) held by the Offeror, being a wholly-owned subsidiary of Valiant Leader Limited.

Save as disclosed in this Circular and save for Mr Anand Kumar who has been nominated as a NED by the Subscriber and appointed to the Board pursuant to and in accordance with the terms of the Subscription Agreement, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Transactions, other than through their respective shareholdings in the Company (if any).

6. FINANCIAL EFFECTS

The financial effects of the issuance of the T2 CN B and the Proposed Acquisition, if both are approved by Shareholders, are **for illustrative purposes only** and do not reflect the actual financial performance or position of the Group after the Proposed Transactions and/or conversion of CN B. The financial effects set out below have been prepared based on the latest announced unaudited financial statements of the Group for FY2016 and on the following key assumptions:

(a) The effect on the Group's loss per share ("**LPS**") is based on the assumption that the T1 CN B (which has been issued on 24 March 2017) and T2 CN B are both issued on 1 January 2016 ("**Assumed Issue Date**") and the Proposed Acquisition is completed on 1 January 2016 ("**Assumed Acquisition Date**").

(b) The effect on the Group's net tangible assets ("**NTA**") per Share is based on the assumption that the T1 CN B (which has been issued on 24 March 2017) and T2 CN B are both issued on 31 December 2016 and the Proposed Acquisition is completed on 31 December 2016.

(c) The financial effects of the Notes and the Proposed Acquisition are limited to a period of 12 months from the Assumed Issue Date and Assumed Acquisition Date.

6.1 LPS

	As at 31 December 2016	After issuance and conversion of T1 CN B	After issuance and conversion of T1 CN B and completion of the Proposed Acquisition	After issuance and conversion of T1 CN B and T2 CN B and completion of the Proposed Acquisition
Loss for the year attributable to Shareholders[1] (S$'000)	(40,155)	(40,535) [2]	(40,660) [2], [3]	(40,660)[2], [3]
Weighted average number of issued shares ('000)	2,353,082 [4]	2,501,643 [5]	2,501,643 [5]	3,393,013 [6]
LPS (Singapore cents)	**(1.706)**	**(1.620)**	**(1.625)**	**(1.198)**

Notes:

(1) Excludes impact of tax shield from interest expense arising from the CN B

(2) Assumes S$1.9 million of estimated transaction expenses (including S$1.4 million of upfront fee and S$500,000 of other transaction expenses) amortised over a 5-year period, i.e. S$380,000 per year.

(3) Based on net loss attributable to the Option Shares of S$0.13 million assuming occurrence of Proposed Acquisition

(4) Based on 12-month weighted average number of issued Shares for FY2016

(5) Assumes the weighted average of pre-conversion Shares of 2,353,081,850 and post-conversion Shares of 2,648,590,124 based on conversion period of 6 months from the Assumed Issue Date. The post-conversion share count assumes 295,508,274 Conversion Shares based on the aggregate principal amount of T1 CN B

(6) Assumes the weighted average of pre-conversion Shares of 2,353,081,850 and post-conversion Shares of 4,421,639,770 based on conversion period of 6 months from the Assumed Issue Date. The post-conversion Share count assumes 2,068,557,919 Conversion Shares based on the aggregate principal amount of T1 CN B and T2 CN B

6.2 NTA per Share

	As at 31 December 2016	After issuance and conversion of T1 CN B	After issuance and conversion of T1 CN B and completion of the Proposed Acquisition	After issuance and conversion of T1 CN B and T2 CN B and completion of the Proposed Acquisition
NTA (S$'000) [1]	37,031	45,131 [2], [3]	(5,158)[2], [3]	54,842[2], [4]
Number of issued shares ('000)	2,460,234	2,755,742 [6]	2,755,742 [5]	4,528,792 [6]
NTA per Share (Singapore cents)	**1.51**	**1.64**	**(0.19)**	**1.21**

Notes:

(1) Excludes impact of tax shield from interest expense arising from the CN B

(2) Assumes S$1.9 million of estimated transaction expenses (including S$1.4 million of upfront fee and S$500,000 of other transaction expenses)

(3) Assumes S$10.0 million of converted Shares from T1 CN B

(4) Assumes S$70.0 million of converted Shares from T1 CN B and T2 of CN B

(5) Assumes 295,508,274 Conversion Shares based on the principal amount of T1 CN B

(6) Assumes 2,068,557,919 Conversion Shares based on the aggregate principal amount of T1 CN B and T2 CN B

7. DIRECTORS' RECOMMENDATIONS

7.1 Mr Anand Kumar has abstained from making any recommendations to the Shareholders in respect of the Proposed Transactions as he is the nominated Director of the Subscriber on the Board.

7.2 The Directors have considered and reviewed, *inter alia*, the terms of the Proposed Notes Issue, the rationale for, and the financial effects of the Proposed Notes Issue, and all other relevant facts set out in this Circular. The Directors (save for Mr Anand Kumar who has abstained from making recommendations on the Proposed Transactions to the Shareholders) are collectively of the view that the Proposed Notes Issue is in the best interests of the Company and its Shareholders and therefore recommend that Shareholders vote in favour of ordinary resolution 1 regarding the Proposed Notes Issue at the EGM.

7.3 The Directors have considered and reviewed, *inter alia*, the terms of the Proposed Acquisition, the rationale for, and the financial effects of the Proposed Acquisition, and all other relevant facts set out in this Circular. The Directors (save for Mr Anand Kumar who has abstained from making recommendations on the Proposed Transactions to the Shareholders) are collectively of the view that the Proposed Acquisition is in the best interests of the Company and its Shareholders and therefore recommend that Shareholders vote in favour of ordinary resolution 2 regarding the Proposed Acquisition at the EGM.

7.4 In giving the above recommendations, the Directors (save for Mr Anand Kumar who has abstained from making recommendations on the Proposed Transactions to the Shareholders) have not had regard to the general or specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, it is recommended that any individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

8. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 37 to 39 of this Circular, will be held at The National University of Singapore Society, Kent Ridge Guild House, 9 Kent Ridge Drive, Singapore 119241 on 21 April 2017 at 10.30 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out in the notice of EGM.

9. ABSTENTION FROM VOTING

The Subscriber and/or its Associates will abstain from voting in respect of the Proposed Transactions. They will also not accept nominations as proxies or otherwise for voting in respect of the aforesaid Ordinary Resolutions at the EGM unless specific instruction has been given in the proxy form as to the manner in which votes are to be cast in respect of such Ordinary Resolutions.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

10.1 Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find a Proxy Form attached to this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 2 Leng Kee Road, #06-07, Thye Hong Centre, Singapore 159086, not less than 48 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he finds that he is able to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

10.2 A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears in the Depository Register, as certified by CDP as at 72 hours before the EGM.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (including the insert accompanying this Circular) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this Circular have been arrived at after careful and due consideration and this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 2 Leng Kee Road, #06-07, Thye Hong Centre, Singapore 159086, during normal business hours from the date of this Circular up to and including the date of the EGM:

(a) the Constitution of the Company;

(b) the Annual Report of the Company for FY2015;

(c) the Subscription Agreement; and

(d) the Agreements.

Yours faithfully
For and on behalf of the Board of Directors

VERONICA CHAN WEE PING
President

APPENDIX 1 – SUMMARY OF HME'S FINANCIAL PERFORMANCE

Statement of Comprehensive Loss For the year ended 31 December	**Unaudited FY16 S$'000**	**Unaudited FY15 S$'000**	**Audited FY14 S$'000**
Revenue	20,632	19,629	18,456
Other income	118	113	98
Change in inventories	(20)	(94)	(60)
Medical supplies and consumables used	(3,267)	(2,862)	(2,618)
Laboratory and related expenses	(1,087)	(1,122)	(1,220)
Employee benefits expenses	(11,298)	(14,637)	(16,019)
Depreciation and Amortisation expense	(526)	(586)	(644)
Finance cost	(31)	(1,812)	(2,196)
Operating lease expense	(2,809)	(3,152)	(3,711)
Other operating expenses	(1,837)	(1,995)	(1,879)
Impairment loss on plant and equipment	-	-	(1,027)
Allowance for doubtful trade and other receivables	-	-	(1,547)
Management fees	-	(900)	(1,200)
Loss before tax	**(126)**	**(7,418)**	**(13,566)**
Income tax credit	-	-	-
Loss for the year	**(126)**	**(7,418)**	**(13,566)**
Other comprehensive loss	-	-	-
Total comprehensive loss for the year	**(126)**	**(7,418)**	**(13,566)**

APPENDIX 1 – SUMMARY OF HME'S FINANCIAL PERFORMANCE

Statement of Financial Position **For the year ended 31 December**	**Unaudited FY16 S$'000**	**Unaudited FY15 S$'000**	**Audited FY14 S$'000**
Non-current assets			
Plant and equipment	2,461	1,869	2,595
	2,461	**1,869**	**2,595**
Current assets			
Inventories	647	667	761
Trade and other receivables	1,783	1,602	1,039
Prepayments	163	148	73
Cash and cash equivalents	-	37	21
	2,592	**2,453**	**1,894**
Total Assets	**5,053**	**4,322**	**4,488**
Current liabilities			
Trade and other payables	2,904	2,447	2,493
Borrowings	1,191	1,141	1,445
Amount due to HMG	7,847	7,472	1,832
	11,943	**11,060**	**5,771**
Non-current liabilities			
Borrowings	57,000	57,026	55,063
Provision for restoration cost	248	248	248
	57,248	**57,274**	**55,311**
Total liabilities	**69,191**	**68,335**	**61,082**
Equity attributable to owner of the Company			
Share capital	500	500	500
Accumulated losses	(64,638)	(64,512)	(57,094)
Equity deficits	**(64,138)**	**(64,012)**	**(56,594)**

Unaudited Consolidated Balance Sheet As at 31 December 2016	HMC [1] FY16 S$'000	Consolidated (HMC + HME [2]) [3] FY16 S$'000	Consolidated (HMC + HME + CN B) [4] FY16 S$'000
ASSETS			
Current assets			
Cash and bank balances	**2,436**	**2,436**	**45,800**
Trade and other receivables	**67,666**	**16,313**	**10,854**
Inventories	**2,270**	**2,917**	**2,917**
Current income tax recoverable	**383**	**383**	**383**
	72,755	**22,050**	**59,954**
Non-current assets			
Other receivables	**1,186**	**1,186**	**1,186**
Property, plant and equipment	**4,999**	**7,460**	**7,460**
Intangible assets	**118,833**	**186,511**	**186,511**
	125,019	**195,157**	**195,157**
Total assets	**197,774**	**217,207**	**255,111**
LIABILITIES			
Current liabilities			
Trade and other payables	**27,727**	**28,332**	**12,985**
Current income tax liabilities	**208**	**208**	**208**
Borrowings	**10,651**	**11,843**	**-**
	38,586	**40,383**	**13,193**
Non-current liabilities			
Borrowings	**3,006**	**3,006**	**-**
Deferred income tax liabilities	**25**	**25**	**25**
Provisions	**292**	**541**	**541**
	3,323	**3,571**	**565**
Total liabilities	**41,909**	**43,954**	**13,758**
NET ASSETS	**155,865**	**173,253**	**241,353**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	**208,214**	**208,214**	**278,214**
Capital reserve	**(2,423)**	**(2,423)**	**(2,423)**
Currency translation reserve	**719**	**719**	**719**
Accumulated losses	**(50,644)**	**(33,256)**	**(35,156)**
Total equity	**155,865**	**173,253**	**241,353**
WORKING CAPITAL POSITION	**34,169**	**(18,333)**	**46,761**

Notes:

(1) Based on the unaudited consolidated results of the Group for FY2016

(2) Based on unaudited results of HME for FY2016

(3) Assumes completion of the Proposed Acquisition, and consolidation applying the acquisition method under FRS 103

(4) Assumes completion of the Proposed Acquisition, and issuance and conversion of both T1 CN B and T2 CN B into Shares

HEALTHWAY MEDICAL CORPORATION LIMITED

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

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of **HEALTHWAY MEDICAL CORPORATION LIMITED** (the "**Company**") will be held at The National University of Singapore Society, Kent Ridge Guild House, 9 Kent Ridge Drive, Singapore 119241 on 21 April 2017 at 10.30 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions as set out below:

*All capitalised terms used in this Notice of EGM which are not defined herein shall have the same meaning ascribed to them in the circular to shareholders of the Company dated 6 April 2017 ("**Circular**").*

All resolutions put to the vote at the EGM shall be decided by way of poll.

AS ORDINARY RESOLUTIONS

RESOLUTION 1: THE PROPOSED ISSUE OF UP TO S$60 MILLION IN AGGREGATE PRINCIPAL AMOUNT OF THE SECURED ZERO-COUPON CONVERTIBLE NOTES SERIES B DUE 2022 TO GW ACTIVE LIMITED AND THE PROPOSED ISSUE OF CONVERSION SHARES

That:

(a) pursuant to Section 161 of the Companies Act (Cap. 50) and Chapter 8 of the Catalist Rules of the SGX-ST, approval be and is hereby given to the directors of the Company (the "**Directors**") or any of them to create and issue an aggregate principal amount of up to S$60 million of the secured convertible notes series B due 2022 (the "**CN B**") to GW Active Limited (the "**Subscriber**") on the terms and conditions of CN B (the "**Terms and Conditions**") pursuant to the provisions of the subscription agreement dated 16 January 2017 between the Company and the Subscriber, as amended, varied and supplemented from time to time (the "**Subscription Agreement**"), such CN B to be convertible, at the option of the holders of CN B from time to time (the "**Noteholders**"), into fully paid new ordinary shares in the capital of the Company (the "**Conversion Shares**") at a conversion price determined in accordance with the Terms and Conditions, and subject to such adjustments as the Terms and Conditions shall stipulate (the "**Conversion Price**") (such proposed issue of CN B, the "**Proposed Notes Issue**");

(b) approval be and is given under Rule 803 of the Catalist Rules to:

  (i) the transfer of controlling interest which may take place upon the issuance of the CN B to the Subscriber pursuant to the Proposed Notes Issue; and

  (ii) the potential transfer of controlling interest which may take place upon the conversion of the CN B by a Noteholder;

(c) approval be and is hereby given to the Directors or any one of them to allot and issue:

  (i) such number of Conversion Shares as may be required or permitted to be allotted and issued to a Noteholder (including any Noteholder who may be a restricted person under Rule 812(1) of the Catalist Rules) on the conversion of the CN B, subject to and in accordance with the Terms and Conditions, whereby such Conversion Shares when issued shall rank *pari passu* in all respects with the then existing ordinary shares in the capital of the Company; and

  (ii) on the same basis as paragraph (c)(i) above, such further Conversion Shares as may be required to be allotted and issued to a Noteholder (including any Noteholder who may be a restricted person under Rule 812(1) of the Catalist Rules) on the conversion of any of the CN B upon the adjustment of the Conversion Price in accordance with the Terms and Conditions,

(such proposed issue of Conversion Shares, the "**Proposed Shares Issue**");

(d) the Directors or any of them be and are hereby authorised to take such steps, make such amendments to the Terms and Conditions (provided that the amendments are not material) and exercise such discretion as they or he may from time to time deem fit, advisable, desirable, expedient or necessary in connection with all or any of the above matters; and

(e) the Directors or any of them be authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the Proposed Notes Issue, the Proposed Shares Issue and any of all matters set out in this Ordinary Resolution as they or he may think fit, and, to the extent that any of the foregoing have been done, that they be and are hereby approved, confirmed and ratified.

RESOLUTION 2: THE PROPOSED ACQUISITION OF 100% OF THE TOTAL ISSUED SHARES OF HEALTHWAY MEDICAL ENTERPRISES PTE. LTD. ("HME")

That:

(a) pursuant to Chapter 10 of the Catalist Rules, approval be and is hereby given for the proposed acquisition of 100% of the total issued shares of HME (including the clinics owned by HME) by the Company's wholly-owned subsidiary, Healthway Medical Group Pte. Ltd. ("**HMG**") from Mr Yeo Kay Beng ("**Vendor**") ("**Proposed Acquisition**");

(b) approval be and is hereby given for the Proposed Acquisition at the purchase consideration of S$3.54 million ("**Purchase Consideration**") and on the terms and subject to the conditions set out in the Agreements; and

(c) the Directors or any of them be authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the Proposed Acquisition and any of all matters set out in this Ordinary Resolution as they or he may think fit, and, to the extent that any of the foregoing have been done, that they be and are hereby approved, confirmed and ratified.

By Order of the Board

Wee Woon Hong
Srikanth Rayaprolu
Company Secretaries
6 April 2017

Notes:

(1) A shareholder of the Company entitled to attend and vote at the EGM of the Company may appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.

(2) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member.

(3) The instrument appointing a proxy must be duly deposited at the registered office of the Company at 2 Leng Kee Road, #06-07, Thye Hong Centre, Singapore 159086 not later than 48 hours before the time appointed for the holding of the EGM.

(4) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

(5) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

PERSONAL DATA PRIVACY:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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HEALTHWAY MEDICAL CORPORATION LIMITED

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

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 6 April 2017. "Personal data" in this proxy form has the same meaning as "personal data" in the Personal Data Protection Act 2012 ("PDPA"), which includes your and your proxy's and/or representative's name, address and NRIC/Passport No.

PROXY FORM

EXTRAORDINARY GENERAL MEETING

I/We, _____ (Name) *NRIC / Passport number /

Company Registration No. of _____

_____ (Address)

being a *member/members of Healthway Medical Corporation Limited (the "**Company**") hereby appoint:-

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

*and/or

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		Number of Shares	**%**
Address			

or failing *him/her, the Chairman of the Extraordinary General Meeting ("**EGM**") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the EGM of the Company to be held at The National University of Singapore Society, Kent Ridge Guild House, 9 Kent Ridge Drive, Singapore 119241 on 21 April 2017 at 10.30 a.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion.

	Please tick here if more than two proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

All resolutions put to the vote at the EGM shall be decided by way of poll.

No.	**Ordinary Resolutions Relating to:**	Number of Votes For **	Number of Votes Against**
1.	The Proposed Notes Issue		
2.	The Proposed Acquisition		

* Delete accordingly

** *If you wish to exercise all your votes "For" or "Against", please indicate with a tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this _____ day of _____ 2017

Total Number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

_____

Signature(s) of Shareholder(s)/or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at an EGM of the Company. Where such member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at an EGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

   "**relevant intermediary**" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity:

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing the a proxy or proxies must be deposited at the Company's registered office at 2 Leng Kee Road, #06-07 Thye Hong Centre, Singapore 159086 not less than 48 hours before the time appointed for the EGM.

5. A proxy need not be a member of the Company.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

9. The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the EGM if he/she so wishes.

10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the EGM, as certified by the Depository to the Company.

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