CIRCULAR DATED 14 MARCH 2017

THIS CIRCULAR (AS DEFINED HEREIN) IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) OF HEALTHWAY MEDICAL CORPORATION LIMITED AND THE ADVICE OF PROVENANCE CAPITAL PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

This Circular is issued by Healthway Medical Corporation Limited (the "Company"). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Shares and/or Convertible Notes (each as defined herein), you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However such documents should not be forwarded or transmitted to any jurisdiction outside of Singapore.

*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 Catalist Rules (as defined herein). The Sponsor has not verified the contents of this Circular.*

This Circular has not been examined or approved by the SGX-ST (as defined herein). 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

HEALTHWAY MEDICAL CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Reg. No. 200708625C)

CIRCULAR TO SECURITYHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH OFFER

by

RHB SECURITIES SINGAPORE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Reg. No. 198701140E)

for and on behalf of

GENTLE CARE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Reg. No. 201625374Z)

to acquire the Offer Shares (as defined herein)

Independent Financial Adviser to the Independent Directors of Healthway Medical Corporation Limited

PROVENANCECAPITAL

PROVENANCE CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Reg. No. 200309056E)

SECURITYHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES MUST BE RECEIVED BY THE CLOSE OF OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 28 MARCH 2017, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF GENTLE CARE PTE. LTD.

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DEFINITIONS

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

"**4Q2016**"	:	The fourth quarter ended 31 December 2016
"**4Q2016 and FY2016 Results Announcement**"	:	The Company's announcement on 24 February 2017 on the unaudited results of the Group for FY2016
"**Acceptance Condition**"	:	Shall have the meaning ascribed to it in Section 2.4 of this Circular
"**Accepting Shareholder**"	:	A Shareholder who validly accepts the Offer
"**Auditor**"	:	PricewaterhouseCoopers LLP
"**Boardroom**"	:	Boardroom Corporate & Advisory Services Pte. Ltd., the share registrar of the Company
"**Business Day**"	:	A day other than Saturday, Sunday or a public holiday on which banks are open for business in Singapore
"**Catalist**"	:	The sponsor-supervised listing platform of the SGX-ST
"**Catalist Rules**"	:	The SGX-ST Listing Manual Section B: Rules of Catalist
"**CDP**"	:	The Central Depository (Pte) Limited
"**CEI**"	:	Continental Equity Inc., a wholly-owned subsidiary of Rickon
"**Circular**"	:	This circular to the Securityholders dated 14 March 2017 from the Company containing, amongst other things, the Recommendation and the advice of the IFA to the Independent Directors
"**Closing Date**"	:	5.30 p.m. (Singapore time) on 28 March 2017, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances for the Offer and the Convertible Notes Offer
"**CN A**"	:	Shall have the meaning ascribed to it in Section 3.1 of this Circular
"**CN Announcements**"	:	Shall have the meaning ascribed to it in Section 3.1 of this Circular
"**CN B**"	:	Shall have the meaning ascribed to it in Section 3.1 of this Circular
"**Code**"	:	The Singapore Code on Take-overs and Mergers

"**Commencement Date**"	:	28 February 2017 being the Despatch Date and the date from which the Offer is open for acceptances
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore
"**Company**"	:	Healthway Medical Corporation Limited
"**Constitution**"	:	The constitution of the Company comprising the memorandum and articles of association of the Company
"**Conversion Price**"	:	Shall have the meaning ascribed to it in Section 3.1 of this Circular
"**Conversion Ratio**"	:	Shall have the meaning ascribed to it in Section 3.3 of this Circular
"**Convertible Notes**"	:	Any convertible notes issued or to be issued by the Company pursuant to the CN Announcements. As at the Latest Practicable Date, the CN A and/or CN B have not been issued
"**Convertible Notes FAT**"	:	Form of Acceptance and Transfer (where applicable) which will be issued in the event the Convertible Notes Offer is made, which will form part of the Notes Offer Letter and which will be issued (where applicable) to the Noteholder whose Convertible Notes are not deposited with CDP
"**Convertible Notes Offer**"	:	The appropriate offer (where applicable), in accordance with Rule 19 of the Code, made by RHBSEC, for and on behalf of the Offeror, to the Noteholder (where any Convertible Notes are issued) to acquire the Convertible Notes (where applicable), other than those already owned, controlled or agreed to be acquired by the Offeror, in accordance with the terms and subject to the conditions set out in this Circular, the Notes Offer Letter and the Convertible Notes FAT
"**Convertible Notes Offer Price**"	:	The offer price (where applicable) for the Convertible Notes
"**Convertible Securities**"	:	Securities convertible or exchangeable into new Shares or existing Shares
"**Despatch Date**"	:	28 February 2017, being the date of despatch of the Offer Document
"**Directors**"	:	The directors of the Company (including the Independent Directors) as at the Latest Practicable Date
"**Distributions**"	:	Shall have the meaning ascribed to it in Section 2.2 of this Circular

"**Encumbrances**"	:	Shall have the meaning ascribed to it in Section 2.2 of this Circular
"**Excluded Documents**"	:	(a) The IFA Letter; (b) the Auditor's report on the Profit Warning Announcement as set out in Appendix C to this Circular; and (c) the IFA's report on the Profit Warning Announcement as set out in Appendix D to this Circular
"**FAA**"	:	Form of Acceptance and Authorisation for Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
"**FAT**"	:	Form of Acceptance and Transfer for Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP
"**Final Settlement Date**"	:	The last settlement date in respect of the Offer for all the Offer Shares validly tendered in acceptance of the Offer, being a date falling after the Closing Date but on or before the expiry of seven Business Days from the Closing Date
"**First Tower**"	:	First Tower Corporation
"**FY**"	:	The financial year ended or ending (as the case may be) on 31 December of a particular year as stated, unless otherwise stated
"**Group**"	:	The Company and its subsidiaries
"**HKSE**"	:	The Stock Exchange of Hong Kong Limited
"**HME**"	:	Healthway Medical Enterprises Pte. Ltd.
"**HME Option**"	:	The option to acquire HME
"**IFA**"	:	Provenance Capital, the independent financial adviser to the Independent Directors in relation to the Offer and/or the Convertible Notes Offer
"**IFA Letter**"	:	Letter dated 14 March 2017 from the IFA to the Independent Directors containing, amongst other things, the advice of the IFA to the Independent Directors in respect of the Offer, as set out in Appendix A to this Circular
"**Independent Directors**"	:	The Directors who are considered independent for the purpose of making the Recommendation, being all the Directors

"**Latest Practicable Date**"	:	9 March 2017, being the latest practicable date prior to the printing of this Circular
"**LCR**"	:	Lippo China Resources Limited
"**Lippo**"	:	Lippo Limited
"**Lippo Capital**"	:	Lippo Capital Limited
"**Market Day**"	:	A day on which the SGX-ST is open for trading of securities
"**maximum potential issued share capital of the Company**"	:	Shall have the meaning ascribed to it in Section 2.4 of this Circular
"**NCN**"	:	S$60 million non-convertible notes
"**Noteholder**"	:	GW Active Limited, as the sole holder of the Convertible Notes if and when issued, or such other transferee(s) pursuant to a valid transfer of the Convertible Notes by GW Active Limited
"**Notes**"	:	CN A, CN B and NCN
"**Notes Offer Letter**"	:	The formal offer letter (where applicable) containing the terms and conditions of the Convertible Notes Offer to the Noteholder that may be issued by or on behalf of the Offeror in due course
"**Offer**"	:	The voluntary conditional cash offer made by RHBSEC, for and on behalf of the Offeror, for all the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"**Offer Announcement**"	:	The announcement of the Offer released by RHBSEC, for and on behalf of the Offeror, on the Offer Announcement Date, as updated by the announcement dated 8 February 2017
"**Offer Announcement Date**"	:	7 February 2017, being the date of the Offer Announcement
"**Offer Document**"	:	The offer document dated 28 February 2017, including the FAA and FAT and any other document(s) which may be issued by or on behalf of the Offeror, to amend, revise, supplement or update such offer document(s) from time to time
"**Offer Period**"	:	The period from the Offer Announcement Date until the date the Offer is declared to have closed or lapsed
"**Offer Price**"	:	S$0.042 in cash for each Offer Share

"**Offer Shares**"	:	Shall have the meaning ascribed to it in Sections 1.1 and 2.3 of this Circular
"**Offeror**"	:	Gentle Care Pte. Ltd.
"**Offeror Shareholders**"	:	Shall have the meaning ascribed to it in Section 6 of this Circular
"**Overseas Noteholders**"	:	Noteholders (where applicable) whose addresses are outside Singapore, as shown on the register of noteholders (where applicable) of the Company or, as the case may be, in the records of CDP
"**Overseas Shareholders**"	:	Shall have the meaning ascribed to it in Section 13 of this Circular
"**Profit Warning Announcement**"	:	The Company's announcement on 15 February 2017
"**Provenance Capital**"	:	Provenance Capital Pte. Ltd.
"**Recommendation**"	:	Shall have the meaning ascribed to it in Section 1.4 of this Circular
"**Relevant Securities**"	:	Shall have the meaning ascribed to it in Section 4.1 of Appendix B to this Circular
"**Restricted Jurisdiction**"	:	Shall have the meaning ascribed to it in Section 13 of this Circular
"**RHBSEC**"	:	RHB Securities Singapore Pte. Ltd., being the financial adviser to the Offeror
"**Rickon**"	:	Rickon Holdings Limited
"**S$**"	:	Singapore dollars, being the lawful currency of Singapore
"**Securityholders**"	:	Shareholders and Noteholders
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Holders of Shares (including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST)
"**Shares**"	:	Issued and paid-up ordinary shares in the capital of the Company
"**SIC**"	:	The Securities Industry Council of Singapore

"**Skyscraper**"	:	Skyscraper Realty Limited
"**Statement of Prospects**"	:	Shall have the meaning ascribed to it in Section 1 of Appendix F to this Circular
"**Tamsett**"	:	Tamsett Holdings Limited
"**Valient Leader**"	:	Valient Leader Limited
"**VWAP**"	:	Volume weighted average price
"**% or per cent.**"	:	Percentage or per centum

Acting in Concert. Unless otherwise defined, the expression "**acting in concert**" shall have the meaning ascribed to it in the Code.

Depositors. The expression "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the same meaning as ascribed to it in Section 81SF of the SFA.

Gender, etc. Words importing the singular shall, where applicable, include the plural and *vice versa*. 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.

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

Issued Shares. Unless otherwise stated, references in this Circular to the total number of issued Shares as at the Latest Practicable Date is 2,460,234,183 Shares.

Rounding. 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.

Shareholders, Noteholders, Securityholders. References to "**you**", "**your**" and "**yours**" in this Circular are, as the context so determines, to Shareholders, Noteholders and/or Securityholders (as the case may be).

Statutes. Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision for the time being amended, modified or re-enacted. Any word defined in the Companies Act, the Code, the SFA, the Catalist Rules or any such statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Code, the SFA, the Catalist Rules or that modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary, Wholly-owned Subsidiary, Related Corporation. References to "**subsidiary**", "**wholly-owned subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Sections 5, 5B and 6 of the Companies Act.

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

Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and/or in *italics*, and all capitalised terms and expressions used within these reproduced statements shall have the same meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "if", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of information available as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Securityholders should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

Given the risks and uncertainties that may cause the actual results, performance or achievements of the Company and/or Group to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, Securityholders are advised not to place undue reliance on those statements. Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and/or any regulatory or supervisory body or agency.

SUMMARY TIMETABLE

Despatch Date and Commencement Date	:	28 February 2017 (Tuesday)
Despatch of Circular	:	14 March 2017 (Tuesday)
Closing Date	:	5.30 p.m. (Singapore time) on 28 March 2017, or such later date as may be announced from time to time by or on behalf of the Offeror
Date of settlement on which the Offer Price is despatched to Accepting Shareholders	:	In respect of valid and complete acceptances received before the Closing Date, within seven Business Days after the receipt of such acceptance
Final Settlement Date	:	Within seven Business Days after the Closing Date

LETTER TO SECURITYHOLDERS

HEALTHWAY MEDICAL CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Reg. No. 200708625C)

Directors

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

Registered Office

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

14 March 2017

To: The Securityholders of the Company

Dear Sir/Madam

VOLUNTARY CONDITIONAL CASH OFFER BY RHBSEC, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1 **Offer Announcement.** On 7 February 2017, RHBSEC 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**").

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com. The Offer Announcement was also advertised in The Straits Times on 9 February 2017.

1.2 **Offer Document.** Securityholders should have by now received a copy of the Offer Document despatched by the Offeror on 28 February 2017, setting out the terms and conditions of the Offer and the Convertible Notes Offer. The principal terms and conditions of the Offer and the Convertible Notes Offer are set out in paragraphs 2 and 3, respectively, of the Offer Document. **Securityholders are advised to read the terms and conditions of the Offer and/or the Convertible Notes Offer set out in the Offer Document carefully**.

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

1.3 **IFA.** The Company has appointed Provenance Capital as the independent financial adviser to advise the Independent Directors in respect of the Offer and the Convertible Notes Offer.

1.4 **Purpose of this Circular.** The purpose of this Circular is to provide Securityholders with relevant information relating to the Offer and the Convertible Notes Offer and to set out the recommendation of the Independent Directors ("**Recommendation**") and the advice of the IFA to the Independent Directors in relation to the Offer and the Convertible Notes Offer.

Securityholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the Recommendation and the advice of the IFA to the Independent Directors in respect of the Offer and/or the Convertible Notes Offer before deciding whether or not to accept the Offer and/or the Convertible Notes Offer.

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

2. THE OFFER

2.1 **Offer Price.** For each Offer Share: S$0.042 in cash (the "**Offer Price**").

2.2 **Encumbrances and Distributions.** Paragraph 2.2 of the Offer Document states the following:

"*The Offer Shares are to be acquired (a) fully paid, (b) free from all liens, equities, mortgages, pledges, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"), and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital ("**Distributions**") (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).*

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such Distribution paid or made by the Company to such Shareholders who accept or have accepted the Offer."

2.3 **Offer Shares.** Based on information set out in the Offer Document, the Offer will be extended to all Offer Shares, and, on the same terms and conditions, to all new Shares unconditionally issued or to be issued prior to the close of the Offer pursuant to the valid conversion of any Convertible Notes prior to the Closing Date. For the purpose of the Offer, such new Shares unconditionally issued or to be issued are included under the definition of Offer Shares.

2.4 **Conditions.** Paragraph 2.4 of the Offer Document states the following:

"*The Offer is subject to the Offeror having received, by the Closing Date, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and any parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital*

*of the Company as at the Closing Date (including any voting rights attributable to Shares issued or to be issued pursuant to the valid conversion of the Convertible Notes prior to the final Closing Date) (the "**Acceptance Condition**").*

*Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the Closing Date, unless at any time prior to the Closing Date, the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with Shares owned, controlled or agreed to be acquired by or on behalf of the Offeror and parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company. For the purposes of this Offer Document, the "**maximum potential issued share capital of the Company**" means the total number of Shares which would be in issue had all the outstanding Convertible Notes which are convertible prior to the Closing Date been validly converted as at the date of such declaration.*

Save for the Acceptance Condition, the Offer will not be subject to any other condition."

2.5 Warranty. Paragraph 2.5 of the Offer Document states the following:

"*Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).*"

2.6 Duration of the Offer. Paragraph 2.6 of the Offer Document states the following:

"***(a) Closing Date***

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date of posting of this Offer Document.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 28 March 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) Offer to Remain Open for 14 Days After Being Declared Unconditional as to Acceptances

Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared to be unconditional as to acceptances, the Offer will remain open for acceptance for not less than 14 days after the date on which it would otherwise have closed, in order to give those Shareholders who have not accepted the Offer the opportunity to do so.

This requirement does not apply if, before the Offer becomes or is declared to be unconditional as to acceptances, the Offeror has given notice in writing to the Shareholders at least 14 days before the specified Closing Date that the Offer will not be open for acceptance beyond that date, provided that such notice may not be given, or if already given, shall not be capable of being enforced in a competitive situation.

*If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with paragraph **3(c) of Appendix IV** to this Offer Document, such period of not less than 14 days during which the Offer shall remain open for acceptance will run from the date of such confirmation, or the date on which the Offer would otherwise have expired, whichever is later.*

(c) Final Day Rule

Pursuant to Rule 22.9 of the Code, the Offer (whether revised or not) will not be capable of becoming or being declared to be unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the date of posting of this Offer Document or of being kept open after the expiry of such period, unless it has previously become or been declared to be unconditional as to acceptances, except with the permission of the SIC. The SIC will consider granting such permission in circumstances including but not limited to where a competing offer has been announced.

(d) Subsequent Closing Date

If there is an extension of the Offer, pursuant to Rule 22.4 of the Code, any announcement of an extension of the Offer will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer closes.

(e) No Obligation to Extend Offer

The Offeror is not obliged to extend the Offer if the Acceptance Condition is not fulfilled by the Closing Date(s).

(f) Revision

Pursuant to Rule 20.1 of the Code, the terms of the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who had previously accepted the Offer."

3. THE CONVERTIBLE NOTES OFFER

3.1 Convertible Notes. Paragraph 3.1 of the Offer Document states the following:

"*As at the Latest Practicable Date, based on the latest information available to the Offeror, the Company had on 17 January 2017, 19 January 2017, 6 February 2017 and 13 February 2017 announced (the "**CN Announcements**") the proposed issuance of notes*

*pursuant to a subscription agreement entered into on 16 January 2017 with GW Active Limited, comprising S$10 million in convertible notes ("**CN A**") (with a conversion price of S$0.03384 per Share (the "**Conversion Price**")) and S$60 million in non-convertible notes, which may subsequently be exchanged for fully convertible notes ("**CN B**") when certain conditions are met, and such Convertible Notes are convertible into new Shares at the Conversion Price. For further details of these Convertible Notes, please refer to the CN Announcements.*"

3.2 Convertible Notes Offer. Paragraph 3.2 of the Offer Document states the following:

"*In addition to extending the Offer to all new Shares unconditionally issued or to be issued prior to the close of the Offer pursuant to the valid conversion of the Convertible Notes prior to the Closing Date, in accordance with Rule 19 of the Code, RHBSEC, for and on behalf of the Offeror, will be making an appropriate offer to the Noteholder (where any Convertible Notes are issued) to acquire the Convertible Notes (where applicable), other than those already owned, controlled or agreed to be acquired by the Offeror, in accordance with the terms and subject to the conditions set out in this Offer Document, the Notes Offer Letter (where applicable) and the Convertible Notes FAT (where applicable) (the "**Convertible Notes Offer**"). For the avoidance of doubt, as at the Latest Practicable Date, the CN A or CN B has not been issued.*"

3.3 Convertible Notes Offer Price. Paragraph 3.3 of the Offer Document states the following:

"*The Noteholder, if it validly accepts the Convertible Notes Offer (where applicable), will receive cash consideration for the Convertible Notes. The offer price for the Convertible Notes (the "**Convertible Notes Offer Price**") will, in accordance with Note 1(a) on Rule 19 of the Code, be a fixed "see-through" price, being the Offer Price for one (1) Offer Share multiplied by the number of Shares (rounded down to the nearest whole number) into which the relevant principal and accrued interest amount of Convertible Notes may be converted (the "**Conversion Ratio**"). In the event the Conversion Ratio is or will be adjusted in accordance with the terms and conditions of the Convertible Notes, the Offeror reserves the right to adjust the Convertible Notes Offer Price (where applicable) subject to consultation with the SIC.*

The actual Convertible Notes Offer Price (where applicable) payable to the accepting Noteholder will be determined based on the total principal and accrued interest amount of the Convertible Notes that are tendered by the Noteholder in acceptance of the Convertible Notes Offer (where applicable).

For purely illustrative purposes only, based on the Conversion Price, assuming the aggregate principal and accrued interest of the Convertible Notes is S$10,000,000, the aggregate Convertible Notes Offer Price (where applicable) will be approximately S$12,411,348 in cash (the illustrative calculation is as follows):

Number of Shares which may be converted (rounded down to nearest whole number):

$$\frac{\text{S\$10,000,000}}{\text{S\$0.03384}} = 295{,}508{,}274$$

Convertible Notes Offer Price payable:

295,508,274 x S$0.042 = S$12,411,348"

3.4 Encumbrances and Distributions. Paragraph 3.4 of the Offer Document states the following:

"*The Convertible Notes are to be acquired (where applicable) (i) fully paid-up, (ii) free from all Encumbrances, and (iii) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all interest, payment, right or other distribution which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).*

In the event any interest, payment, right or other distribution is announced, declared, paid or made on the Convertible Notes on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Convertible Notes Offer Price (where applicable) by the amount of such interest, payment, right or other distribution."

3.5 Conditional Convertible Notes Offer. Paragraph 3.5 of the Offer Document states the following:

"*The Convertible Notes Offer (where applicable) will be conditional upon the Offer becoming or being declared unconditional in all respects and the Convertible Notes continuing to be transferable (subject to the terms of the Convertible Notes and any other applicable restrictions) and convertible into new Shares.* ***If the Offer lapses or is withdrawn or if the relevant Convertible Notes cease to be transferable or convertible into Shares, the Convertible Notes Offer (where applicable) shall lapse accordingly.***"

3.6 Offer and Convertible Notes Offer mutually exclusive. Paragraph 3.6 of the Offer Document states the following:

"*For the avoidance of doubt, whilst the Convertible Notes Offer (where applicable) will be conditional upon the Offer becoming or being declared unconditional in all respects, the Offer will not be conditional upon acceptances received in relation to the Convertible Notes Offer (where applicable). The Offer and the Convertible Notes Offer (where applicable) will be separate and mutually exclusive. The Convertible Notes Offer (where applicable) will not form part of the Offer, and vice versa. Without prejudice to the foregoing, if the Noteholder converts its Convertible Notes in order to accept the Offer in respect of the new Shares to be issued pursuant to such conversion, it may not accept the Convertible Notes Offer (where applicable) in respect of such Convertible Notes. Conversely, if the Noteholder wishes to accept the Convertible Notes Offer (where applicable) in respect of its Convertible Notes, it may not convert its Convertible Notes in order to accept the Offer in respect of the new Shares to be issued pursuant to such conversion.*"

3.7 Details of the Convertible Notes Offer. Paragraph 3.7 of the Offer Document states the following:

"*Further details of the Convertible Notes Offer (where applicable) will be set out in the Notes Offer Letter (where applicable) and the Convertible Notes FAT (where applicable). For the avoidance of doubt, the Convertible Notes Offer will only be made to the Noteholder after the Convertible Notes are issued.*"

4. DETAILS OF THE OFFER

Appendix IV to the Offer Document sets out further details on (i) the settlement of the consideration for the Offer, (ii) the requirements relating to the announcement of the level of acceptances of the Offer and (iii) the right of withdrawal of acceptances of the Offer and the Convertible Notes Offer.

5. PROCEDURES FOR ACCEPTANCE

Appendix V to the Offer Document sets out the procedures for acceptance of the Offer by a Shareholder.

6. INFORMATION ON THE OFFEROR

The full text stating information on the Offeror and the Offeror Shareholders has been extracted from paragraph 4 of the Offer Document and reproduced in *italics* below.

"***4.1 The Offeror***

The Offeror is a private limited company incorporated in Singapore on 16 September 2016. As at the Latest Practicable Date:

(a) the Offeror has an issued and paid-up capital of S$1.00, consisting of one ordinary share;

(b) the Offeror is a wholly-owned subsidiary of Valiant Leader, and an indirect subsidiary of each of Tamsett, Rickon, LCR, Skyscraper, First Tower, Lippo and Lippo Capital (collectively, the *"**Offeror Shareholders**"); and*

(c) the board of directors of the Offeror comprises Mr. Lee Kwok Fai, Mr. Au Shiu Leung Alex and Mr. Ng Cheng Hwa.

***Appendix I** to this Offer Document sets out certain additional information on the Offeror.*

4.2 Information on the Offeror Shareholders

(a) Valiant Leader

Valiant Leader is an investment holding special purpose vehicle incorporated under the laws of the British Virgin Islands. Valiant Leader is a wholly-owned subsidiary of Tamsett and is an indirect subsidiary of Lippo Capital.

(b) Tamsett

Tamsett is an investment holding company incorporated under the laws of the British Virgin Islands. Tamsett is a wholly-owned subsidiary of Rickon and is an indirect subsidiary of Lippo Capital.

(c) Rickon

Rickon is an investment holding company incorporated under the laws of the British Virgin Islands. Rickon is a wholly-owned subsidiary of LCR and is an indirect subsidiary of Lippo Capital.

(d) LCR

LCR is a company incorporated in Hong Kong and listed on the HKSE. LCR is a direct subsidiary of Skyscraper and is an indirect subsidiary of Lippo Capital.

(e) Skyscraper

Skyscraper is an investment holding company incorporated under the laws of the British Virgin Islands. Skyscraper is a wholly-owned subsidiary of First Tower and is an indirect subsidiary of Lippo Capital.

(f) First Tower

First Tower is an investment holding company incorporated under the laws of the Cook Islands. First Tower is a wholly-owned subsidiary of Lippo and is an indirect subsidiary of Lippo Capital.

(g) Lippo

Lippo is a company incorporated in Hong Kong and listed on the HKSE. Lippo is a direct subsidiary of Lippo Capital.

(h) Lippo Capital

Lippo Capital is an investment holding company incorporated under the laws of the Cayman Islands."

7. RATIONALE FOR THE OFFER AND THE CONVERTIBLE NOTES OFFER

The full text stating the rationale for the Offer and the Convertible Notes Offer has been extracted from paragraph 6 of the Offer Document and is reproduced in *italics* below. Securityholders are advised to read the extract below carefully.

"***6.1 Increase Shareholding***

The Offeror wishes to increase its shareholding in the Company through the Offer. The Offeror believes that it can provide the Company with a stronger shareholder base to support the Company's future business growth plans over the long term.

6.2 Opportunity for Shareholders and the Noteholder (where applicable) to realise their investment in the Shares and Convertible Notes (where applicable) at a premium

The Offer Price represents a premium of approximately 13.82%, 19.66%, 19.32% and 22.09% over the VWAP per Share for the one (1)-month, three (3)-month, six (6)-month and twelve (12)-month periods up to and including the Last Trading Day. The Offer Price also represents a premium of 5.00% over the last transacted price per Share on the Last Trading Day.

The Offer Price also represents a premium of approximately 24.11% over the Conversion Price of the Convertible Notes.

The Offer and Convertible Notes Offer (where applicable) present Shareholders and the Noteholder (where applicable) with a clean cash exit opportunity to realise their entire investment in Shares and Convertible Notes (where applicable) at a premium over the prevailing trading prices of the Shares or the Conversion Price (as the case may be) without incurring brokerage and other trading costs. The Offer and Convertible Notes Offer (where applicable) also present Shareholders and the Noteholder (where applicable) with the opportunity to tender part or none of their Shares or Convertible Notes (where applicable). By tendering part of their Shares or Convertible Notes (where applicable), Shareholders and the Noteholder (where applicable) can create a balance between monetisation and continued participation in the Company's future growth over the long term.

6.3 Establishment of presence in the healthcare industry

Lippo and LCR see the business potentials in the healthcare industry in Singapore, and would therefore like to establish their presence in this field. The Company, as a well-established private healthcare provider in Singapore, matches Lippo's and LCR's strategy to establish their presence in the healthcare industry in Singapore and to acquire quality healthcare management capability. Up to the Latest Practicable Date, Lippo and LCR had also sought to increase their presence in the healthcare industry in Singapore through their acquisition of a 17.48% stake in the Company owned or controlled by the Offeror and CEI. In line with this strategy, Lippo and LCR are of the view that the Offer is beneficial to the future business direction, management and operations of Lippo and LCR.

6.4 Issuance of Convertible Notes

The new Shares to be allotted and issued in connection with the Convertible Notes to be issued pursuant to the CN Announcements, if and when fully issued, would have a dilutive effect on the shareholdings of Shareholders. As such, Shareholders may be of the view that the terms of the Convertible Notes appear onerous in light of other possible financing alternatives. Thus, the Offer will give such Shareholders an opportunity to exit on attractive terms. The Offeror will continue to monitor and evaluate any developments on the Convertible Notes from time to time."

8. THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text stating the Offeror's future plans for the Company with regard to its listing status and compulsory acquisition has been extracted from paragraph 8 of the Offer Document and reproduced in *italics* below.

"***8.1 Listing Status and Compulsory Acquisition***

Pursuant to Rule 1104 of the Catalist Rules, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 200 Shareholders who are members of the public. Rule 1303(1) of the Catalist Rules provides that if the Offeror succeeds in receiving acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Under Rule 724(1) of the Catalist Rules, if the percentage of the Shares held in public hands falls below 10%, the Company must, as soon as possible, announce that fact and the SGX-ST may suspend trading of all the Shares on the SGX-ST. Rule 724(2) of the Catalist Rules states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be delisted.

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer at a price equal to the Offer Price.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares as at the close of the Offer, the Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

It is the current intention of the Offeror to retain the listing of the Company on the SGX-ST. However, if the Offeror acquires not less than 90% of the total number of Offer Shares in issue as at the close of the Offer (other than those already held by the Offeror, its related corporations and their respective nominees as at the date of

the despatch of the Offer Document), the Offeror will consider whether or not to exercise its rights of compulsory acquisition under section 215(1) of the Companies Act to acquire those Offer Shares not acquired by the Offeror pursuant to the Offer.

8.2 Save as disclosed in this Offer Document, the Offeror presently has no intention to (a) introduce any major changes to the business of the Company; (b) redeploy the fixed assets of the Company; or (c) discontinue the employment of the employees of the Company, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the best interests of the Company. Following the Closing Date, the Offeror will undertake a comprehensive review of the businesses of the Company and the review will help the Offeror to determine the optimal business strategy for the Company."

Securityholders are advised to read paragraph 8 of the Offer Document carefully and note the Offeror's future plans for the Company.

9. DIRECTORS' INTERESTS

Details of the Directors including, amongst other things, the Directors' direct and deemed interests in the shares and Relevant Securities of the Offeror and the Company as at the Latest Practicable Date are set out in Appendix B to this Circular.

9A. STATUS OF THE NOTES

9A.1 Status of the Notes. As at the Latest Practicable Date, the Notes have not been issued. The Company had on 11 March 2017 announced that it had obtained an extension of time to fulfil certain conditions prior to the issue of the Notes.

9A.2 Ability to continue as a going concern. The Company had on 11 March 2017 announced that given that the Notes have not been issued, the Group has no certainty of its sources and sufficiency of funding and taking into account certain factors, 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.

9A.3 More information. For more information, please refer to the announcements by the Company dated 11 March 2017, copies of which are available on the website of the SGX-ST at www.sgx.com.

10. ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS

10.1 IFA. Securityholders should read and consider carefully the advice of the IFA to the Independent Directors on the Offer and the Convertible Notes Offer as contained in the IFA Letter and the Recommendation before deciding on whether to accept or reject the Offer and the Convertible Notes Offer. The IFA Letter is reproduced in Appendix A to this Circular.

10.2 Evaluation of the Offer and the Convertible Notes Offer by the IFA. In arriving at its advice, the IFA has relied on the following key considerations as set out in Section 9 of the IFA Letter and reproduced in *italics* below. The considerations set out below should be considered and read in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the IFA Letter.

"In arriving at our recommendation in respect of the Offer, we have taken into account, reviewed and deliberated on the following key considerations which we consider to be pertinent in our assessment of the Offer:

(a) Market quotation and trading activity of the Shares;

(b) Financial performance of the Group;

(c) Financial position of the Group;

(d) Comparison with recently completed offers of companies listed on the SGX-ST;

(e) Comparison with offers to acquire controlling interest in companies listed on the SGX-ST;

(f) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;

(g) Comparison with precedent M&A Transactions of companies which are broadly comparable with the Group;

(h) Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment; and

(i) Convertible Notes Offer (where applicable)."

10.3 Advice of the IFA to the Independent Directors. After having regard to the considerations set out in the IFA Letter, carefully considering all available information and based on the IFA's assessment of the financial terms of the Offer and the Convertible Notes Offer, the IFA has advised the Independent Directors to recommend that Securityholders accept the Offer and the Convertible Notes Offer.

The recommendation on the Offer and the Convertible Notes Offer are set out in Section 9 and Section 8.9 respectively of the IFA Letter and has been extracted and reproduced in *italics* below. It should be considered and read in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meaning as defined in the IFA Letter.

Recommendation on the Offer:

"Based on our analysis and after having considered carefully the information available to us as at the LPD, overall, we are of the view that the financial terms of the Offer are not fair but reasonable.

Accordingly, we advise the Directors to recommend Shareholders to ACCEPT the Offer.

Shareholders who wish to realise their investments in the Company can also choose to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting transaction costs) and provided there is no trading halt or trading suspension on the Shares on the SGX-Catalist."

Recommendation on the Convertible Notes Offer:

"Hence, from a financial perspective and for certainty of payment, the Subscriber should ACCEPT the Convertible Notes Offer (where applicable)."

11. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

Independent Directors' Recommendation. The Independent Directors, having considered carefully, amongst other things, the terms of the Offer and the Convertible Notes Offer, and the advice given by the IFA in the IFA Letter, have set out their recommendation on the Offer and the Convertible Notes Offer below:

(a) Offer

The Independent Directors CONCUR with the IFA's assessment of the Offer and its recommendation thereon. **Accordingly, the Independent Directors recommend that Shareholders accept the Offer.**

(b) Convertible Notes Offer

The Independent Directors CONCUR with the IFA's assessment of the Convertible Notes Offer and its recommendation thereon. **Accordingly, the Independent Directors recommend that Noteholders accept the Convertible Notes Offer.**

SECURITYHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER AND/OR THE CONVERTIBLE NOTES OFFER. SECURITYHOLDERS SHOULD NOTE THAT THE IFA'S OPINION SHOULD NOT BE RELIED UPON BY ANY SECURITYHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER OR NOT TO ACCEPT THE OFFER. SECURITYHOLDERS ARE ALSO URGED TO READ THE OFFER DOCUMENT CAREFULLY.

In making their recommendation, the IFA and the Independent Directors have not considered the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Securityholder. As different Securityholders would have different investment profiles and objectives, any individual Securityholder who may require specific advice in relation to his investment portfolio or objectives should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

12. ACTION TO BE TAKEN BY SECURITYHOLDERS

12.1 Securityholders who DO NOT WISH TO ACCEPT the Offer and/or the Convertible Notes Offer. Securityholders who do not wish to accept the Offer and/or the Convertible Notes Offer should take no further action in respect of the Offer Document which has been sent to them.

12.2 Securityholders who WISH TO ACCEPT the Offer and/or the Convertible Notes Offer. Securityholders who wish to accept the Offer and/or the Convertible Notes Offer must do so no later than 5.30 p.m. (Singapore time) on the Closing Date and should take note of Appendix V to the Offer Document (where applicable).

13. OVERSEAS SHAREHOLDERS AND OVERSEAS NOTEHOLDERS

The full text stating the availability of the Offer to Overseas Shareholders and Overseas Noteholders has been extracted from paragraph 9 of the Offer Document and is reproduced in *italics* below. Securityholders are advised to read the extract below carefully.

"*The availability of the Offer and the Convertible Notes Offer (where applicable) to Shareholders whose addresses are outside Singapore, as shown on the register of members or register of noteholders (where applicable) of the Company or, as the case may be, in the records of CDP (each, an "**Overseas Shareholder**" or "**Overseas Noteholder**" as the case may be) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Shareholder and Overseas Noteholder (where applicable) should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Offer Document, the FAA, the FAT, the Notes Offer Letter and the Convertible Notes FAT (where applicable) have not been reviewed by any regulatory authority in any overseas jurisdiction.* ***Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT, the Notes Offer Letter and Convertible Notes FAT (where applicable) to any overseas jurisdictions, the Offeror, RHBSEC, CDP and Boardroom each reserves the right not to send these documents to Shareholders and Noteholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders and Noteholders (where applicable), including those to whom this Offer Document, the FAA and/or the FAT, the Notes Offer Letter and the Convertible Notes FAT have not been, or may not be, sent.***

*Copies of this Offer Document and the Notes Offer Letter (where applicable) and any other formal documentation relating to the Offer and Convertible Notes Offer (where applicable) are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer and Convertible Notes Offer (where applicable) would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

The Offer and Convertible Notes Offer (where applicable) (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer and Convertible Notes Offer (where applicable) will not be capable of acceptance by any such use, means, instrumentality or facilities.

Overseas Shareholders may, nonetheless, obtain copies of this Offer Document, the FAA (if he is a depositor) or the FAT (if he is a scripholder) and any related documents, during normal business hours and up to the Closing Date, from the Offeror through The Central Depository (Pte) Limited (if he is a depositor) at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588 or its receiving agent, Boardroom Corporate & Advisory Services Pte. Ltd. (if he is a scripholder) at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623.

Alternatively, an Overseas Shareholder may write to the Offeror through The Central Depository (Pte) Limited (if he is a depositor) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or Boardroom Corporate & Advisory Services Pte. Ltd. (if he is a scripholder) at the address listed above, to request for this Offer Document, the FAA (if he is a depositor) or the FAT (if he is a scripholder) and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, up to three (3) Market Days prior to the Closing Date.

Further details in respect of the Notes Offer Letter (where applicable) and the Convertible Notes FAT (where applicable) will be provided in due course (where applicable).

It is the responsibility of any Overseas Shareholder or Overseas Noteholder (where applicable) who wishes to (a) request for this Offer Document, the FAA and/or the FAT, the Notes Offer Letter and Convertible Notes FAT (where applicable) and/or any related documents, or (b) accept the Offer or Convertible Notes Offer (where applicable), to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder and/or Overseas Noteholder (where applicable) shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including RHBSEC) shall be fully indemnified and held harmless by such Overseas Shareholder and/or Overseas Noteholder (where applicable) for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including RHBSEC) may be required to pay. The Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer or the Overseas Noteholders (where applicable) pursuant to the Convertible Notes Offer. In (i) requesting for this Offer Document, the FAA and/or the FAT, the Notes Offer Letter and Convertible Notes FAT (where applicable) and/or any related documents and/or (ii) accepting the Offer and/or Convertible Notes Offer (as applicable), the Overseas Shareholder and/or Overseas Noteholder (where applicable) (as the case may be) represents and warrants to the Offeror and RHBSEC that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. ***Any Overseas Shareholder and/or Overseas Noteholder (where applicable) (as the case may be) who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***

The Offeror and RHBSEC each reserves the right to notify any matter, including the fact that the Offer and/or the Convertible Notes Offer (where applicable) has been made, to any or all Overseas Shareholders or Overseas Noteholders (where applicable) by announcement to the SGX-ST or notice and if necessary, by paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement, notice or advertisement."

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than in the Excluded Documents and the Recommendation) are fair and accurate and that no other material facts have been omitted from this Circular, the omission of which would make any statement herein misleading, and they jointly and severally accept responsibility accordingly.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

The Recommendation set out in Section 11 of this Circular is the sole responsibility of the Independent Directors.

Where any information has been extracted or reproduced from the Offer Document or from published or publicly available sources (including, without limitation, in relation to the Company), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

Yours faithfully
For and on behalf of
HEALTHWAY MEDICAL CORPORATION LIMITED

The Board of Directors

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF HEALTHWAY MEDICAL CORPORATION LIMITED

PROVENANCE CAPITAL PTE. LTD.
(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

14 March 2017

To: The Directors of Healthway Medical Corporation Limited
(deemed to be independent in respect of the Offer)

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

Dear Sirs,

VOLUNTARY CONDITIONAL CASH OFFER BY GENTLE CARE PTE. LTD.

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company ("**Shareholders**") dated 14 March 2017 ("**Circular**"). For the purpose of the Circular, the latest practicable date ("**Latest Practicable Date**") has been determined as 9 March 2017. However, in view of the significant announcements by the Company on 11 March 2017, we have also taken into consideration these announcements in our evaluation of the Offer. As such, for the purpose of our letter ("**Letter**"), we have used 11 March 2017 as our latest practicable date ("**LPD**"), being the latest practicable date prior to the issue of our Letter.*

1. INTRODUCTION

Offer Announcement Date

On 7 February 2017 ("**Offer Announcement Date**"), RHB Securities Singapore Pte. Ltd. ("**RHBSEC**") announced, for and on behalf of Gentle Care Pte. Ltd. ("**Offeror**"), that the Offeror intends to make a voluntary conditional cash offer ("**Offer**") for all the issued and paid-up ordinary shares ("**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 Healthway Medical Corporation Limited ("**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 Shares**") in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers ("**Code**") ("**Offer Announcement**").

As at the Offer Announcement Date, the Offeror and certain parties acting in concert with it ("**Relevant Persons**") had owned in aggregate 326,937,600 Shares, representing 13.29% of the total number of outstanding issued Shares of 2,460,234,183 Shares as at the Offer Announcement Date.

The Offer, to be made at the offer price of **S$0.042 in cash** for each Offer Share ("**Offer Price**"), is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Offer, will result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company as at the close of the Offer.

The Offeror is a private limited company incorporated in Singapore with a paid-up capital of S$1.00. It is a member of the Lippo group of companies, which include Lippo Limited ("**Lippo**")

and Lippo China Resources Limited ("**LCR**"), both of which are listed on The Stock Exchange of Hong Kong Limited ("**HKSE**").

Pursuant to Rule 19 of the Code, the Offeror intends to make an offer to the holders of the convertible notes ("**Convertible Notes Offer**") and such Convertible Notes Offer will be conditional upon the Offer becoming or being declared unconditional in all respects.

Prior to the Offer Announcement, the Company had, on 17 January 2017, announced the proposed issuance of notes ("**Notes**") pursuant to a subscription agreement ("**Subscription Agreement**") entered into by the Company on 16 January 2017 with GW Active Limited ("**Subscriber**"). The proposed issuance of Notes involves, *inter alia*, the issue of S$10 million convertible notes Series A ("**CN A**") and S$60 million non-convertible notes ("**NCN**"), collectively referred to as the ("**Initial Notes"**). These Initial Notes may be subsequently fully exchanged for convertible notes Series B ("**CN B**"). CN A and CN B are referred to as the ("**Convertible Notes"**). The Convertible Notes are convertible into new Shares at the pre-determined conversion price of S$0.03384 per Share.

As at the Offer Announcement Date, the Company has not issued any of the CN A and NCN and none of the Convertible Notes have been issued.

Save for the above proposed Convertible Notes, the Company does not have any treasury shares or any outstanding instruments convertible into, rights to subscribe for, or options in respect of, Shares or securities which carry voting rights in the Company.

Subsequent to the Offer Announcement Date

Offeror

Prior to the commencement of trading on 8 February 2017, RHBSEC announced for and on behalf of the Offeror that, following the finalisation of the Offer Announcement, the Offeror had acquired 103 million Shares at between S$0.040 and S$0.042 per Share on 7 February 2017. As a result, the Offeror and the Relevant Persons collectively own an aggregate of 429,937,600 Shares, representing 17.48% of the total number of outstanding issued Shares.

On 22 February 2017, RHBSEC announced for and on behalf of the Offeror that an additional 23,801,138 Shares, representing 0.97% of the total number of issued Shares, are collectively held by other parties deemed to be acting in concert with the Offeror. Following the above, the Offeror and parties acting or deemed to be acting in concert with it collectively own, control or have agreed to acquire an aggregate of 453,738,738 Shares, representing 18.44% of the total number of issued Shares.

On 28 February 2017, RHBSEC announced, for and on behalf of the Offeror, that the offer document ("**Offer Document**") setting out, *inter alia*, the terms and conditions of the Offer has been despatched to Shareholders on 28 February 2017.

On 7 and 8 March 2017, RHBSEC announced, for and on behalf of the Offeror, that the Offeror had acquired Shares in the open market at S$0.042 per Share. The total number of Shares acquired was 11,739,300. The Company had requested for a trading halt on the Shares on the Catalist board ("**SGX-Catalist**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 9 and 10 March 2017.

As at the LPD, based on public disclosures by or on behalf of the Offeror, the shareholding interests of the Offeror and parties acting in concert with it amounted to an aggregate of 465,478,038 Shares, representing 18.92% of the total number of issued Shares.

Company

The Company had, before the commencement of trading hours on 8 February 2017, requested for a trading halt on the Shares, which was later converted to a voluntary trading suspension

on 13 February 2017. The Shares continued to be suspended from trading on the SGX-Catalist until 23 February 2017.

Before the commencement of trading hours on 24 February 2017, the Company announced its unaudited results for the financial year ended 31 December 2016 ("**FY2016**") and an update on the proposed issuance of the Notes. The Shares resumed trading on 24 February 2017.

On 9 March 2017, the Company requested for a trading halt on the Shares. As at the LPD, the Shares continued to be halted from trading pending announcement(s) by the Company. On the LPD, the Company made several significant announcements in relation to, *inter alia*, the following:

(a) the potential inability to continue as a going concern until, *inter alia*, sufficient fresh funds are injected into the Company;

(b) the extension of time by a 14-day grace period to fulfil the first closing conditions for the issue of the Initial Notes by the Subscriber;

(c) the waiver of requirement for the whitewash waiver and whitewash resolution for the Subscriber in connection with the issuance of CN B;

(d) Company's responses to various queries from the SGX-ST between 10 February 2017 and 8 March 2017; and

(e) SGX-ST ruling that the issue of the Initial Notes and CN B be subject to Shareholders' approval at an EGM pursuant to Rule 803 of the Catalist Rules.

In view of the above, as at the LPD, the Company has not issued any of the Notes or Convertible Notes. In addition, the Company is of the view that the Initial Notes and the Convertible Notes may not be issued before the first closing date of the Offer on 28 March 2017.

Our role as Independent Financial Adviser to the Offer

In connection with the Offer, the Company has appointed Provenance Capital Pte. Ltd. ("**Provenance Capital**") as the independent financial adviser ("**IFA**") to the Directors who are considered independent in respect of the Offer, for the purpose of making their recommendation to the Shareholders in relation to the Offer. We note that all the existing Directors are considered to be independent for the purpose of making a recommendation to the Shareholders on the Offer.

This Letter is therefore addressed to all the Directors and sets out, *inter alia*, our evaluation and advice on the financial terms of the Offer and our recommendations on the Offer. This Letter forms part of the Circular which provides, *inter alia*, the details of the Offer and the recommendations of the Directors on the Offer.

2. TERMS OF REFERENCE

Provenance Capital has been appointed as the IFA to advise the Directors in respect of their recommendation to the Shareholders in relation to the Offer.

We have confined our evaluation and assessment to the financial terms of the Offer, and have not taken into account the commercial risks or commercial merits of the Offer. In addition, we have not been requested to, and we do not express any advice or give any opinion on the merits of the Offer relative to any other alternative transaction. We were not involved in the negotiations pertaining to the Offer nor were we involved in the deliberations leading up to the decision to put forth the Offer to the Shareholders.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position or earnings potential of the Company and its

subsidiaries ("**Group**"). Such evaluation or comments remain the responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information as well as information provided by the Directors, and is predicated upon the economic and market conditions prevailing as at 11 March 2017, being the LPD referred to in this Letter. This Letter therefore does not reflect any projections on the future financial performance of the Group and we do not express any views as to the prices at which the Shares may trade after the close of the Offer.

We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. In this regard, we have not addressed the relative merits of the Offer in comparison with any alternative transaction the Company may consider in the future. Therefore, we do not express any views in these areas in arriving at our recommendation.

In formulating our opinion and recommendation, we have held discussions with the Directors and the management of the Group ("**Management**") and have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its other professional advisers. Whilst care has been exercised in reviewing the information we have relied upon, we have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. Nonetheless, we have made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

The Directors have confirmed, having made all reasonable enquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group (including without limitation, property, plant and equipment) and no valuation was commissioned by the Company for the purpose of the Offer. In this regard, we note that the Group has significant intangible assets, comprising mainly goodwill and brand name, and such intangible assets are tested for impairment annually in accordance with the accounting policies of the Group. Please see further details in Section 8.3 of this Letter.

The information we had relied on in the assessment of the Offer was based on market, economic, industry, monetary and other conditions prevailing as at the LPD, which may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion or assumptions in light of any subsequent development after the LPD that may affect our opinion or assumptions contained herein. Shareholders should take note of any announcements relevant to their consideration of the Offer, as the case may be, which may be released after the LPD.

In rendering our advice and giving our recommendation, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any Shareholder. As each Shareholder may have different investment profiles and objectives, we advise the Directors to recommend that any 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 adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular. We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Circular. Accordingly, we take no responsibility for and express no view, whether expressed or implied, on the contents of the Circular (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes, other than for the purpose of the Offer, at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

Our opinion is addressed to the Directors for their benefit and deliberation of the Offer. The recommendation made to the Shareholders in relation to the Offer, as the case may be, shall remain the responsibility of the Directors.

Our recommendation to the Directors in relation to the Offer should be considered in the context of the entirety of this Letter and the Circular.

3. THE OFFER

The detailed terms and conditions of the Offer are set out in Section 2 of the Offer Document dated 28 February 2017. The key terms of the Offer are set out below for your reference.

3.1 Offer Price

The consideration for each Offer Share is: **S$0.042 in cash.**

3.2 Offer Shares

The Offer will be extended to all Offer Shares and, on the same terms and conditions, to all new Shares unconditionally issued or to be issued prior to the close of the Offer pursuant to the valid conversion of any Convertible Notes prior to the close of the Offer. For the purpose of the Offer, such new Shares unconditionally issued or to be issued are included under the definition of Offer Shares.

3.3 Rights and Encumbrances

The Offer Shares will be acquired:

(a) fully paid-up;

(b) free from all liens, equities, mortgages, pledges, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"); and

(c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital ("**Distributions**") (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

If any Distribution is announced, declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price payable by an amount equivalent to such Distribution paid or made by the Company to such Shareholders who accept or have accepted the Offer.

Since the Offer Announcement Date and up to the LPD, we note that the Company has not made or declared any Distribution.

3.4 Conditional Offer

The Offer is subject to the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and any parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued share capital of the Company as at the close of the Offer (including any voting rights attributable to Shares issued or to be issued pursuant to the valid conversion of the Convertible Notes prior to the final closing date of the Offer) ("**Acceptance Condition**").

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has control over Shares, including valid acceptances, carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company. The Offeror had defined "**maximum potential issued share capital of the Company**" to mean the total number of Shares which would be in issue had all the outstanding Convertible Notes which are convertible prior to the close of the Offer been validly converted as at the date of such declaration.

Save for the Acceptance Condition, the Offer will be unconditional in all other respects.

As at the LPD, the Offer has not become or been declared unconditional in all respects. In addition, as at the LPD, none of the Convertible Notes have been issued.

Based on the announcements by the Company on 11 March 2017, the Company is of the view that the Initial Notes and the Convertible Notes may not be issued before the first closing date of the Offer on 28 March 2017 as the Company will need to seek Shareholders' approval for the issue of the Notes at an EGM to be convened.

3.5 Warranty

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all Distributions (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

3.6 Duration of the Offer

(a) **Closing Date**

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date of despatch of the Offer Document.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 28 March 2017 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) **Offer to Remain Open for 14 Days After Being Declared Unconditional as to Acceptances**

Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared to be unconditional as to acceptances, the Offer will remain open for acceptance for not less than 14 days after the date on which it would otherwise have closed, in order to give those Shareholders who have not accepted the Offer the opportunity to do so.

This requirement does not apply if, before the Offer becomes or is declared to be unconditional as to acceptances, the Offeror has given notice in writing to the Shareholders at least 14 days before the specified Closing Date that the Offer will not be open for acceptance beyond that date, provided that such notice may not be given, or if already given, shall not be capable of being enforced in a competitive situation.

If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with paragraph 3(c) of Appendix IV to the Offer Document, such period of not less than 14 days during which the Offer shall remain open for acceptance will run from the date of such confirmation, or the date on which the Offer would otherwise have expired, whichever is later.

(c) **Final Day Rule**

Pursuant to Rule 22.9 of the Code, the Offer (whether revised or not) will not be capable of becoming or being declared to be unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the date of posting of the Offer Document or of being kept open after the expiry of such period, unless it has previously become or been declared to be unconditional as to acceptances, except with the permission of the SIC. The SIC will consider granting such permission in circumstances including but not limited to where a competing offer has been announced.

(d) **Subsequent Closing Date**

If there is an extension of the Offer, pursuant to Rule 22.4 of the Code, any announcement of an extension of the Offer will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer closes.

(e) **No Obligation to Extend Offer**

The Offeror is not obliged to extend the Offer if the Acceptance Condition is not fulfilled by the close of the Offer.

(f) **Revision**

Pursuant to Rule 20.1 of the Code, the terms of the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who had previously accepted the Offer.

3.7 Further details of the Offer

Further details of the Offer, including details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of acceptances of the Offer; and (d) procedures for acceptance of the Offer by a Shareholder are set out in Appendices IV and V of the Offer Document.

4. CONVERTIBLE NOTES OFFER (WHERE APPLICABLE)

4.1 Update on the proposed issuance of the Notes

On 24 February 2017, the Company had provided, *inter alia*, an update to Shareholders on the proposed issuance of the Notes following the Board's assessment of the impact of the Offer on the proposed issuance of the Notes. The Board had decided that the Company will proceed with the issue of the Initial Notes to the Subscriber on 9 March 2017 for an aggregate

subscription consideration of S$70 million (less the upfront fee of S$1.4 million) in cash to the Company, subject to the satisfaction or waiver of the relevant conditions as at the first closing date.

Based on the announcement by the Company on 17 January 2017, the Subscriber is an investing entity, wholly and indirectly owned by Gateway Fund I, L.P., a Cayman fund focused on growth capital and special situations across the fast-growing markets of South East Asia, South Asia, Middle East and Africa.

As at 9 March 2017, the Initial Notes were not issued to the Subscriber.

On 11 March 2017, the Company announced, *inter alia*, that the Subscriber has exercised its right to extend the first closing date of the Notes for another 14 days, till 23 March 2017, and the SGX-ST had ruled that the issuance of the Notes is subject to Shareholders' approval at an EGM.

In view of the above, the Company is of the view that the Initial Notes and the Convertible Notes may not be issued before the first closing date of the Offer on 28 March 2017.

Shareholders should look out for further announcements by the Company in relation to the issuance of the Notes and the circular to Shareholders in connection with the issue of the Notes, if any, which may be despatched to Shareholders after the LPD.

4.2 Convertible Notes Offer (where applicable)

Convertible Notes Offer

The Convertible Notes Offer by the Offeror is made to the holder(s) of the Convertible Notes ("**Noteholders**") that are validly issued before the close of the Offer pursuant to Rule 19 of the Code. As at the LPD, the Company has not issued any of the Notes, namely the CN A, NCN or CN B, and hence none of the Convertible Notes have been issued. If the Convertible Notes are issued before the close of the Offer, the Convertible Notes will be eligible for the Convertible Notes Offer. If the Convertible Notes are not issued before the close of the Offer, then the Convertible Notes Offer will not be applicable.

The Convertible Notes Offer is conditional upon the Offer becoming or being declared unconditional in all respects and the Convertible Notes continuing to be transferable (subject to the terms of the Convertible Notes and any other applicable restrictions) and convertible into new Shares. If the Offer lapses or is withdrawn or if the relevant Convertible Notes cease to be transferable or convertible into Shares, the Convertible Notes Offer shall lapse accordingly. The Offer is not conditional upon acceptances received in relation to the Convertible Notes Offer. The Offer and the Convertible Notes Offer are separate and mutually exclusive.

As at the LPD, the Offer has not become or been declared unconditional in all respect and none of the Convertible Notes have been issued.

In view of the announcements made by the Company on 11 March 2017, the Company is of the view that the Initial Notes and the Convertible Notes may not be issued before the first closing date of the Offer on 28 March 2017.

Terms of the Convertible Notes Offer

As set out in Section 3 of the Offer Document, the Offeror intends to make the Convertible Notes Offer to the Noteholders on the basis that each Noteholder validly accepting the Convertible Notes Offer will receive cash consideration for the Convertible Notes.

In accordance with Note 1(a) on Rule 19 of the Code, the offer price for the Convertible Notes ("**Convertible Notes Offer Price**") is fixed at the "see-through" price, being the Offer Price for one Offer Share multiplied by the number of Shares (rounded down to the nearest whole

number) into which the relevant principal and accrued interest amount of Convertible Notes may be converted.

For the avoidance of doubt, the Offer will be extended to all new Shares validly issued pursuant to the conversion of the Convertible Notes prior to the close of the Offer.

Details of the Convertible Notes Offer are set out in Section 3 of the Offer Document. Pursuant to Section 3.7 of the Offer Document, the Convertible Notes Offer will only be made to Noteholders after the Convertible Notes are issued.

Purely for illustrative purposes only, based on the conversion price of S$0.03384 and assuming the aggregate principal and accrued interest of the Convertible Notes is S$10,000,000, the aggregate Convertible Notes Offer Price will be approximately S$12,411,348 in cash (295,508,274 x S$0.042), that is, a premium of 24.11% above the aggregate principal and accrued interest of the Convertible Notes of S$10,000,000.

On the assumption that the Convertible Notes are issued by the Company before the close of the Offer, the Company will receive the proceeds of the Notes from the Subscriber less the upfront premium of S$1.4 million that may be payable on the Notes. On a further assumption that the Offer becomes unconditional in all respects and the Subscriber accepts the Convertible Notes Offer, the Offeror will acquire the Convertible Notes from the Subscriber and pay the Subscriber **in cash, 124.11%** of the principal amount and applicable accrued interest on the Convertible Notes.

4.3 Key terms of the Notes

Details of the Notes are set out in the announcements by the Company on 17 January 2017 and 24 February 2017, and in the Subscription Agreement.

Purely for reference purposes only, we note the following key terms of the Notes and the Subscription Agreement:

(a) the Subscription Agreement is in relation to the issue by the Company of 3 series of Notes, namely (i) the CN A which is in relation to the S$10 million secured convertible notes Series A, (ii) the NCN which is in relation to the S$60 million secured non-convertible notes; and (iii) the CN B which refers to the secured convertible notes Series B issued in exchange for the CN A and NCN (the CN A and NCN are collectively referred to as the Initial Notes). These Notes are direct, unconditional, secured and unsubordinated obligations of the Company. They are secured on the shares of all the companies in the Group, including HME referred to in point (e) below.

The Convertible Notes can be fully converted into new Shares based on the pre-determined conversion price of S$0.03384 per Share, being a 10% discount to the volume weighted average price ("**VWAP**") of S$0.0376 for trades done on 11 January 2017, being the preceding full market day prior to the signing of the Subscription Agreement.

Upon the satisfaction or waiver of the conditions precedent for the issue of the Initial Notes by the first closing date, the Initial Notes can be issued to the Subscriber.

Upon the satisfaction or waiver of the conditions precedent for the issue of the CN B by the second closing date, the outstanding Initial Notes (including any accrued interest) can be exchanged for CN B.

The maturity date of CN A and NCN is 2 years from the issue date. Once exchanged for the CN B, the maturity date of CN B is 5 years from the issue date;

(b) in consideration for the subscription of the Notes, the Company will pay to the Subscriber in cash on the first closing date an upfront fee of S$1.4 million, equivalent to 2.0% of the total subscription consideration of S$70 million;

(c) the net proceeds of the Notes of S$68.3 million will be used by the Company for the repayment of existing indebtedness (20%), for general working purposes (20%) and the remainder to pursue both organic and inorganic growth (upon obtaining the Subscriber's consent);

(d) the CN A and NCN bear compound interest at the rate of 12% per annum for the first 3 months and thereafter at the rate of 16.5% per annum on the principal amount outstanding. The interest is accrued daily and payable on a quarterly basis on 31 March, 30 June, 30 September and 31 December. Prior to the maturity date, the interest accrued each quarter will be added to the outstanding principal amount.

The CN B bears no interest coupon, and if it is not converted into new Shares before the maturity date, will be redeemable at the maturity date in cash at a redemption premium of 6% internal rate of return on the principal amount of CN B. CN B is convertible at the option of the Subscriber into new Shares at the same conversion price of S$0.03384 per Share (as for the CN A) at any time up to the maturity date.

The Company had on 24 February 2017 stated its intention to exchange all the Initial Notes to CN B within 6 months of the date of the Subscription Agreement as CN B bears no coupon rate, which will be beneficial to the Group.

(e) the Company undertakes to exercise or procure the exercise of the HME Option by no later than 31 March 2017 to acquire and complete the acquisition of all the issued shares in Healthway Medical Enterprises Pte. Ltd. ("**HME**") at a consideration not exceeding S$3.6 million in aggregate.

We understand from the Company that the above consideration is only with reference to the cash component of the purchase consideration for HME.

The Group has an existing HME Option to acquire HME (an incubator of medical clinics in Singapore owned by an unrelated third party and managed by the Group). Further details on the acquisition of HME are set out in Section 8.3 of this Letter;

(f) the Board to be reconstituted to comprise 5 members, including 2 directors nominated by the Subscriber and 2 independent directors. The Subscriber has the right to nominate the Chief Financial Officer of the Company. In the event a Chief Executive Officer is appointed by the Company, the Chief Executive Officer will be appointed to the Board and the Board shall accordingly be expanded to comprise 6 members;

(g) the issuance of the Notes requires, *inter alia*, the approval of Shareholders at an EGM, the whitewash resolution for the Subscriber and his concert parties, if required by the Subscriber and the in-principle approval from the SGX-ST for the listing and quotation of the new Shares upon the conversion of the Convertible Notes; and

(h) each of the CN A, NCN and CN B are subject to redemption clauses.

In particular, in respect of the CN A and NCN, unless previously redeemed and cancelled, the Company will, on the maturity date, redeem all outstanding CN A and NCN at an amount in cash equal to the sum of 100% of the outstanding principal amount as at maturity date (including any increase in the principal amount of the CN A and NCN arising from the payment of interest), a redemption premium of 25% on the original principal amount of the CN A and NCN and all accrued but unpaid interest up to the maturity date.

In the event of a Change of Control (defined below), all outstanding CN A and NCN shall become immediately due and payable at the expiry of 30 business days after the occurrence of the Change of Control.

"Change of Control" is defined in the Subscription Agreement to mean the occurrence of any of the following events:

(i) any offer by any person other than the Subscriber becoming unconditional in all respects; or

(ii) any person other than the Subscriber or the controlling Shareholder as at the issue date holding, whether singly or together with its concert parties more than 25% of the voting rights of the Company.

In respect of the CN B, unless previously redeemed and cancelled, the Company will, on the maturity date, redeem all outstanding CN B at an amount in cash equal to the sum of 100% of the outstanding principal amount of CN B as at maturity date and a redemption premium that will provide the Subscriber an internal rate of return of 6% on the principal amount of CN B up to (and excluding) the maturity date.

If the Offer becomes unconditional, the redemption premium will be applicable to the CN A and NCN. For illustration purposes, based on the principal amount of the CN A and NCN, the redemption premium will amount to S$17.5 million, being 25% of S$70 million.

We wish to highlight that in view of the various significant announcements made by the Company on the LPD, Shareholders should note that the current status and terms of the Notes may be fluid and may be subject to changes. Hence, Shareholders should take note of any further announcements by the Company which may be relevant in their consideration of the Offer and in respect of their investment in the Shares after the LPD.

5. INFORMATION ON THE OFFEROR

The Offeror is a private limited company incorporated in Singapore on 16 September 2016. As disclosed in the Offer Document, the Offeror has an issued and paid-up share capital of S$1.00, consisting of one ordinary share. The board of directors of the Offeror comprises Mr Lee Kwok Fai, Mr Au Shiu Leung Alex and Mr Ng Cheng Hwa.

The Offeror is a member of the Lippo group of companies, which include Lippo and LCR, both of which are listed on the HKSE. As at the LPD, the market capitalisations of Lippo and LCR are HK$2,322.8 million (S$422.5 million) and HK$2,149.7 million (S$391.0 million) respectively based on the foreign exchange rate of HK$1 : S$0.1819 on the LPD.

As at the LPD, based on publicly available information, the total number of Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it amounted to an aggregate of 465,478,038 Shares, representing approximately 18.92% of the total number of issued Shares.

Further details relating to the Offeror and parties acting in concert with the Offeror are set out in Section 4 of the Offer Document.

6. INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Singapore on 16 May 2007 and listed on the SGX-Catalist on 4 July 2008.

Based on the 2015 annual report of the Company, the Group is a leading private healthcare provider with one of the largest network of medical centres and clinics in Singapore. The Group has a strong presence owning, operating and managing close to 100 medical centres and clinics. Most of these clinics are easily accessible and located across most parts of Singapore, as well as within major private hospitals.

On 27 February 2017, the Company announced that the SGX-ST had requested the Audit Committee of the Company to appoint an independent reviewer to look into the extensions of loans by the Group to HME and Wei Yi Shi Ye Co. Ltd. ("**Wei Yi**"), with the objective of

establishing whether there are any breaches of the Catalist Rules. The Company will update Shareholders on the above as and when there are any material updates, including the key findings of the independent review.

On the LPD, the Company made various significant announcements, including the following:

(a) the potential inability to continue as a going concern until, *inter alia*, sufficient fresh funds are injected into the Company;

(b) extension of time by a 14-day grace period to fulfil the first closing conditions for the issue of the Initial Notes by the Subscriber;

(c) the waiver of requirement for the whitewash waiver and whitewash resolution for the Subscriber in connection with issuance of CN B;

(d) Company's responses to various queries from the SGX-ST between 10 February 2017 and 8 March 2017; and

(e) SGX-ST ruling that the issue of the Initial Notes and CN B be subject to Shareholders' approval at an EGM pursuant to Rule 803 of the Catalist Rules.

In view of the above, as at the LPD, the Company has not issued any of the Notes or Convertible Notes. In addition, the Company is of the view that the Initial Notes and the Convertible Notes may not be issued before the first closing date of the Offer on 28 March 2017.

Based on the Offer Price of S$0.042 and the total number of issued Shares outstanding as at the LPD of 2,460,234,183 Shares, the implied market capitalisation of the Company is approximately S$103.3 million.

Save for the proposed issuance of CN A, NCN and CN B, as at the LPD, the Company does not have any other outstanding instruments convertible into, rights to subscribe for, or options in respect of, Shares or securities which carry voting rights in the Company. The Company does not have any treasury shares as at the LPD.

Additional information on the Company is set out in Appendix B of the Circular.

7. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS IN RELATION TO THE COMPANY

The full text of the rationale for the Offer and the Convertible Notes Offer are set out in Section 6 of the Offer Document.

The key rationale of the Offer is summarised below for your reference:

(a) to increase its shareholding in the Company through the Offer;

(b) to give the opportunity to Shareholders and Noteholders (where applicable) to realise their investment in the Shares and Convertible Notes (where applicable) at a premium;

(c) to establish a presence in the healthcare industry through the Group; and

(d) to give Shareholders who concur with the views of the Offeror on, *inter alia*, the significant dilutive effect of the Convertible Notes, an opportunity to exit on attractive terms.

The Offeror has stated that it is its current intention to retain the listing of the Company on the SGX-ST.

However, if the Offeror receives acceptances pursuant to the Offer in respect of not less than 90% of the total number of Offer Shares in issue as at the close of the Offer (other than those already held by the Offeror, its related companies and their respective nominees as at the date of the despatch of the Offer Document), the Offeror will consider whether or not to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act to acquire those Offer Shares not acquired by the Offeror pursuant to the Offer.

Pursuant to Rule 1104 of the Catalist Rules, if the Offeror receives acceptances during the Offer which bring the holdings of the Offeror and its concert parties to above 90% of the total issued Shares, the SGX-ST may suspend the trading of the Shares until the Company meets the minimum public float requirement of at least 10% to be held by at least 200 public Shareholders. Pursuant to Rule 1303(1) of the Catalist Rules, in a takeover situation, the SGX-ST will suspend trading of the Shares at the close of the Offer.

The Offeror has stated that it presently has no intention to:

(a) introduce any major changes to the business of the Company;

(b) re-deploy the fixed assets of the Company; or

(c) discontinue the employment of the employees of the Company, other than in the ordinary course of business.

However, the Offeror retains the flexibility at any time to consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the best interests of the Company. Following the close of the Offer, the Offeror will undertake a comprehensive review of the businesses of the Company to determine the optimal business strategy for the Company.

8. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In evaluating and assessing the financial terms of the Offer, we have taken into account the pertinent factors set out below which we consider to have a significant bearing on our assessment:

(a) Market quotation and trading activity of the Shares;

(b) Financial performance of the Group;

(c) Financial position of the Group;

(d) Comparison with recently completed offers of companies listed on the SGX-ST;

(e) Comparison with offers to acquire controlling interest in companies listed on the SGX-ST;

(f) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;

(g) Comparison with precedent M&A transactions of companies which are broadly comparable with the Group;

(h) Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment; and

(i) Convertible Notes Offer (where applicable).

8.1 Market quotation and trading activity of the Shares

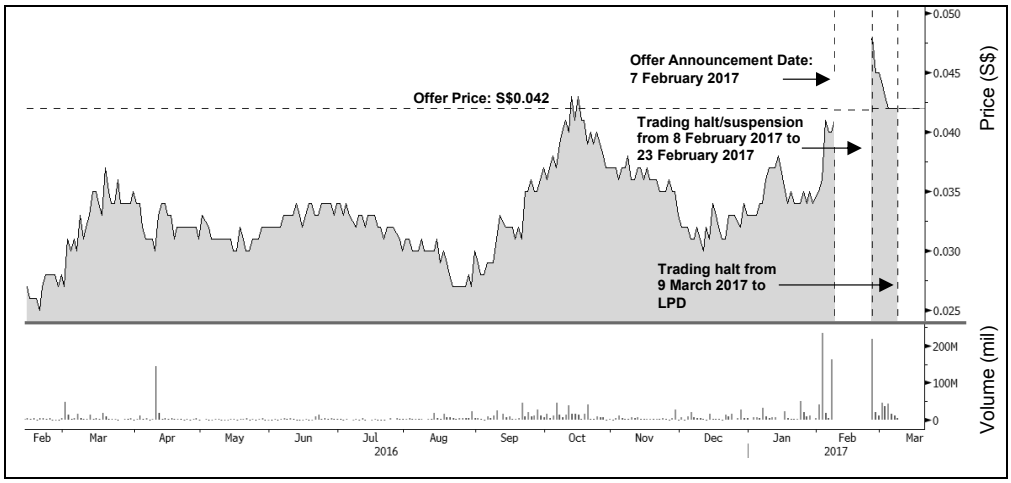
The Offer Announcement was released after trading hours on 7 February 2017. The Company had, before commencement of trading hours on 8 February 2017, requested for a trading halt on the Shares, which was later converted to a voluntary suspension on 13 February 2017. The Shares continued to be suspended from trading on the SGX-Catalist until 23 February 2017, when trading suspension was lifted after the Company made the various announcements in respect of their financial results for FY2016 and update on the proposed issuance of the Notes. The Shares resumed trading on 24 February 2017.

We have therefore compared the Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 8 February 2016, being the 1-year period prior to the release of the Offer Announcement, and up to the LPD ("**Period Under Review**"). The Shares were halted from trading on 9 and 10 March 2017.

Share Price Chart

We set out below a chart showing the Offer Price relative to the daily last transacted prices and trading volume of the Shares for the Period Under Review:

Price movement and trading volume of the Shares for the Period Under Review



Source: *Bloomberg L.P.*

As can be seen from the share price chart above, the Shares have been mostly trading below the Offer Price of S$0.042 for the Period Under Review, except on 12 and 14 October 2016 when Shares were last traded to a high of S$0.043. The last traded Share price on 7 February 2017, prior to the release of the Offer Announcement, was S$0.041.

The Shares were halted and subsequently suspended from trading from 8 February 2017 to 23 February 2017. Following the resumption of the trading on the Shares on 24 February 2017 and up to 8 March 2017, the Shares had traded to a high of S$0.059 before declining to the Offer Price. The Shares were last transacted at the Offer Price of S$0.042 on 8 March 2017 prior to the trading halt on 9 and 10 March 2017.

Market Statistics

In addition to the share price chart above, we have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares for the Period Under Review.

Reference period	Highest traded price (S$)	Lowest traded price (S$)	VWAP[1] (S$)	Premium / (Discount) of Offer Price over/(to) VWAP (%)	Number of traded days[2]	Average daily trading volume[3] ('000)	Average daily trading volume as a percentage of free float[4] (%)
Prior to the release of the Offer Announcement							
Last 1 year	0.045	0.025	0.0350	19.8	247	7,080	0.45
Last 6 months	0.045	0.026	0.0360	16.8	125	10,818	0.69
Last 3 months	0.042	0.030	0.0365	15.0	61	11,642	0.75
Last 1 month	0.042	0.033	0.0386	8.9	19	23,722	1.52
07 February 2017 (last trading day prior to the release of the Offer Announcement)	0.042	0.039	0.0415	1.3	1	162,015	10.40
After the Offer Announcement Date to LPD							
08 February 2017 to 23 February 2017	← Trading halt/suspension →						
24 February 2017 to LPD	0.059	0.042	0.0468	(10.2)	9	39,178	2.51
09 March 2017 to LPD	← Trading halt →						

Source: *Bloomberg L.P.*

Notes:

(1) The VWAP for the respective periods are calculated based on the daily VWAP turnover divided by VWAP volume as extracted from Bloomberg L.P.. VWAP turnover is computed based on the aggregate daily turnover value of the Shares and VWAP volume is computed based on the aggregate daily trading volume of the Shares for the respective periods. Off market transactions are excluded from the calculation;

(2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;

(3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST was open for trading (excluding days with full day trading halts/suspension on the Shares) during that period; and

(4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 1,558.1 million Shares based on the free float of 63.33% as disclosed on the SGX-ST website as at the LPD.

We observe the following with regard to the share price performance of the Company for the Period Under Review:

(a) Over the 1-year period prior to the release of the Offer Announcement, the Shares have traded between a low of S$0.025 and a high of S$0.045. The Offer Price represents a premium of S$0.017 (or 68.0%) above the lowest transacted price and a discount of S$0.003 (or 6.7%) to the highest transacted price of the Shares. The Shares have mostly traded at below the Offer Price during the 1-year period prior to the release of the Offer Announcement;

(b) The Offer Price represents a premium of approximately 19.8%, 16.8%, 15.0% and 8.9% above the VWAP of the Shares for 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement respectively;

(c) The Offer Price represents a premium of approximately 1.3% above the VWAP of the Shares of S$0.0415 on 7 February 2017, being the day when the Shares were last traded prior to the release of the Offer Announcement; and

(d) Since the Offer Announcement Date (and after the lifting of the trading suspension on the Shares on 23 February 2017) and up to 8 March 2017 (prior to the trading halt on 9 and 10 March 2017), the Shares had traded between S$0.042 and S$0.059. As at the LPD, the Shares were last transacted at S$0.042 on 8 March 2017. The market Share price is presumably supported by the Offer Price.

We observe the following with regard to the trading liquidity of the Shares:

(i) Over the 1-year period prior to the release of the Offer Announcement Date, the Shares were regularly traded throughout the period. The average daily trading volume of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement represent 0.45%, 0.69%. 0.75% and 1.52% of the free float of the Shares respectively. On 7 February 2017, the Offeror had acquired 103 million Shares, which accounted for bulk of the trading volume for that day; and

(ii) During the period following the release of the Offer Announcement and lifting of the trading suspension on the Shares on 23 February 2017 and up to 8 March 2017, the average daily trading volume on the Shares was approximately 39.2 million Shares, representing 2.51% of the free float of the Shares. The Offeror had acquired approximately 11.7 million Shares during this period.

8.2 Financial performance of the Group

We set out below a summary of the key financial results of the Group for the last 3 financial years ended 31 December 2014, 2015 and 2016, that is, FY2014, FY2015 and FY2016, respectively.

	◄ Audited ►		Unaudited
S$'000	**FY2014**	**FY2015**	**FY2016**
Revenue	85,666	94,273	96,751
Other income	7,775	6,867	1,526[(1)]
Other gains	13,332	989	
Expenses	(96,840)	(99,433)	(138,617)
Profit / (Loss) before income tax	9,933	2,696	(40,340)
Income tax (expense) / credit	(93)	(1,013)	185
Profit / (Loss) for the period attributable to Shareholders	**9,840**	**1,683**	**(40,155)**

Source: *Company's annual report for FY2015 and the unaudited financial results of the Group for FY2016*

Note:

(1) Other income and other gains have been grouped together and presented as 'Other operating income' in the unaudited financial results of the Group for FY2016.

We have also considered analysing the financial performance of the Group without the effect of significant one-off items. After making adjustments of reclassification from other comprehensive income on disposal of available-for-sale financial assets, the allowance for doubtful loan and other receivables and impairment of goodwill, the adjusted financial results of the Group are as follows:

S$'000	FY2014	FY2015	FY2016
Profit / (Loss) after income tax	9,840	1,683	(40,155)
Less: Reclassification from other comprehensive income on disposal of available-for-sale financial assets	(13,038)	(727)	-
Add: Allowance for doubtful loan and other receivables	-	4,812	36,569
Add: Impairment of goodwill	-	-	3,000
Adjusted profit / (loss) after income tax	**(3,198)**	**5,768**	**(586)**

Source: *Company's annual report for FY2015 and the unaudited financial results of the Group for FY2016*

Review of Operating Results

The Group has 2 main business segments:

(a) Primary Healthcare comprising family medicine, dentistry, healthcare benefit management and investment in strategic medical related business; and

(b) Specialist & Wellness healthcare which comprise paediatrics, obstetrics, orthopaedics and aesthetic medicine.

FY2015 vs FY2014

For FY2015, Primary Healthcare Segment continued to contribute a higher proportion to the Group's revenue compared to Specialist and Wellness segment. Revenue for FY2015 increased by S$8.6 million or 10.0% from S$85.7 million in FY2014 to S$94.3 million in FY2015 due mainly to the growth in revenue from the increase in patient load for both segments.

Other income decreased by S$0.9 million or 11.7% from S$7.8 million in FY2014 to S$6.9 million in FY2015. This was due mainly to a decrease in recovery of staff cost due to lower staff secondment fees charged to third party clinics managed by the Group. Other gains decreased significantly by S$12.3 million from S$13.3 million in FY2014 to S$1.0 million in FY2015 as there was a S$13.0 million reclassification from other comprehensive income on disposal of available-for-sale financial assets in FY2014, whereas such reclassification amount was only S$0.7 million in FY2015.

Total expenses, which comprised medical supplies, consumables and laboratory expenses, staff costs, depreciation of property, plant and equipment, amortisation of intangible assets, other operating expenses (which includes allowance for doubtful trade, loan and other receivables) and finance costs increased slightly by S$2.6 million or 2.7% from S$96.8 million in FY2014 to S$99.4 million in FY2015.

Net profit after tax attributable to Shareholders decreased by S$8.1 million or 82.9% from S$9.8 million in FY2014 to S$1.7 million in FY2015, due mainly to the lower other gains in FY2015 as explained above.

If other gains from reclassification from other comprehensive income and allowance for doubtful loan and other receivables were excluded, the Group would have incurred a loss of S$3.2 million for FY2014 and a higher profit of S$5.8 million for FY2015.

FY2016 vs FY2015

Revenue for FY2016 increased by S$2.5 million or 2.6% from S$94.3 million in FY2015 to S$96.8 million in FY2016 due mainly to an increase in revenue of S$3.0 million from the Specialist and Wellness segment and offset by a decrease in revenue of S$0.5 million from the Primary Healthcare segment.

Total other income and other gains decreased by S$6.3 million or 80.6% from S$7.8 million in FY2015 to S$1.5 million in FY2016. This was due mainly to an absence in FY2016 of S$0.7

million on disposal of available-for-sale financial assets, S$1.8 million interest income due to the discontinuation of interest charge in relation to a loan receivable, and management fee of S$0.9 million and S$3.3 million for the recovery of staff costs for secondment fees that were charged to HME, an unrelated third party that is managed by the Group.

Total expenses increased by S$39.2 million or 39.4% from S$99.4 million in FY2015 to S$138.6 million in FY2016 due mainly to a significant increase in allowance for doubtful loan, trade and other receivables of S$32.8 million, an allowance for impairment of goodwill of S$3.0 million, increase in staff costs of S$2.5 million and increase in finance cost of S$0.3 million due to higher interest rates on loans undertaken in FY2016 for working capital purposes. Further details on the nature of the allowance for doubtful loan and other receivables and impairment of goodwill are set out in Section 8.3 of this Letter.

Accordingly, results of the Group deteriorated significantly by S$41.8 million from a profit of S$1.7 million in FY2015 to a loss of S$40.1 million in FY2016 due mainly to significant increase in total expenses as explained above.

On an adjusted basis, excluding allowance for doubtful loan and other receivables and impairment of goodwill, the Group would have incurred a loss of S$0.6 million for FY2016.

Historical Price-earnings Ratio ("**PER**") implied by the Offer Price

PER illustrates the valuation ratio of the current market value of a company's shares relative to its consolidated basic earnings per share as stated in its financial statements. The PER is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

As analysed above, excluding the one-off items in relation to the reclassification from other comprehensive income on disposal of available-for-sale financial assets, the allowance for doubtful loan and receivables and the impairment of goodwill, the Group, on an adjusted basis, would have incurred a loss in FY2014, a higher profit in FY2015 and small loss in FY2016.

As a result, assessment of the valuation of the Group (implied by the Offer Price) which is based on the historical earnings approach would not be meaningful.

8.3 Financial position of the Group

Based on the Group's latest financial results for FY2016, the unaudited financial position of the Group as at 31 December 2016 is set out below:

S$'000	Unaudited As at 31 December 2016
ASSETS	
Current assets	
Cash and cash equivalents	2,436
Trade and other receivables	67,665
Inventories	2,270
Current income tax recoverable	383
	72,754
Non-current assets	
Other receivables	1,186
Property, plant and equipment	4,999
Intangible assets	118,833
	125,018
Total assets	**197,772**

S$'000	Unaudited As at 31 December 2016
LIABILITIES	
Current liabilities	
Trade and other payables	27,726
Current income tax liabilities	208
Borrowings	10,651
	38,585
Non-current liabilities	
Borrowings	3,006
Deferred income tax liabilities	25
Provisions	292
	3,323
Total liabilities	**41,908**
EQUITY	
Share capital	208,214
Capital reserve	(2,423)
Currency translation reserve	718
Accumulated losses	(50,645)
Total equity	**155,864**
Net asset value of the Group ("**NAV**")	155,864
Net tangible asset of the Group ("**NTA**")	37,031
Number of issued Shares as at 31 December 2016	2,460,234,183
NAV per Share (S$)	0.063
NTA per Share (S$)	0.015

Source: *Unaudited results of the Group for FY2016*

Review of Financial Position

Non-current assets

Non-current assets of the Group totalling S$125.0 million comprised mainly intangible assets of S$118.8 million (95.1% of total non-current assets).

The intangible assets comprised mainly of goodwill arising on consolidation which arose from the acquisitions of the various clinics in the Group and are recognised at cost less accumulated impairment losses. These assets are tested for impairment annually in accordance with the accounting policies of the Group.

A goodwill impairment of S$3.0 million was made for the dentistry business unit in FY2016 due to less than satisfactory performance of the business unit for FY2016. The net present value of future cash flows of the business was used to determine the recoverable amount of these assets.

Although other receivables of the Group as at 31 December 2016 was only S$1.2 million, this was after the Group had provided allowance for doubtful loan receivables of S$21.6 million for loan receivables due from Wei Yi. Wei Yi is a company incorporated in China that provides healthcare services in China which is managed by the Group. As disclosed in Section 6 of this Letter, the SGX-ST had requested the appointment of an independent reviewer to look into the extensions of loans by the Group to HME and Wei Yi.

Current assets

Current assets of the Group totalling S$72.8 million comprised mainly trade and other receivables of S$67.7 million (93.0% of total current assets), out of which, approximately S$49 million relate to the trade and other receivables due from HME.

For FY2016, the Company had made an allowance of doubtful loan and other receivables of S$15.0 million in relation to a loan receivable from HME, representing approximately 23.4% of the total amount of loan receivable of approximately S$64 million from HME. Hence, the outstanding loan receivable from HME as at 31 December 2016 was approximately S$49 million.

The Group has an existing HME Option to acquire HME, a non-related company which owns medical clinics in Singapore, by 31 March 2017. As disclosed in the Subscription Agreement, as part of the terms of the Subscription Agreement (also mentioned in Section 4.3 of this Letter), the Company had undertaken to exercise the HME Option to acquire HME at a consideration not exceeding S$3.6 million in aggregate.

As disclosed in the results announcement for FY2016, the Company had paid deposits aggregating S$3.54 million to the owner. These deposits are also classified as other receivables. The Company and the owner are presently in negotiations on the terms of the proposed acquisition of HME, which includes the offsetting of such deposits against the agreed upon purchase consideration of HME. The Board is of the view that the acquisition of HME is in the best interests of the Group including the ability of the Company to recover about 75% of the outstanding loan and other receivables due from HME. The Board does not expect any further material cash outlay to undertake the acquisition of HME.

Following from the above, the Company had clarified that, if the Company completes the acquisition of HME, the outstanding loan receivable from HME of S$49.0 million will be classified at the consolidated group level as goodwill arising from the Company's acquisition of HME. At the Company level, the loan receivable from HME will be classified as inter-company balances and the Company will continue to pursue the recovery of the outstanding amount owing from HME.

Liabilities

The liabilities of the Group totalling S$41.9 million comprised mainly trade and other payables of S$27.7 million (66.2% of total liabilities) and bank borrowings of S$13.7 million (32.6% of total liabilities).

Equity / NAV

Total equity / NAV of the Group of S$155.9 million as at 31 December 2016 comprised mainly paid-up share capital of S$208.2 million and accumulated losses of S$50.6 million. NAV per Share as at 31 December 2016 was S$0.063 based on 2,460,234,183 outstanding Shares as at that date.

The Group has significant intangible assets of S$118.8 million as at 31 December 2016. Accordingly, the NTA of the Group is S$37.0 million, representing NTA per Share of S$0.015.

NAV per Share and price-to-book value implied by the Offer Price

The NAV and NTA based valuation approach provides an estimate of the value of a company assuming the hypothetical sale of all its assets over a reasonable period of time and would be more relevant for asset-based companies or where the subject company intends to realise or convert the uses of all or most of its assets. Such a valuation approach would be particularly appropriate when applied in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings-based valuation.

The NAV based valuation approach shows the extent to which the value of each Share is backed by both the Group's tangible and intangible assets. NTA is derived by deducting intangible assets from the NAV and the NTA based valuation approach shows the extent to which the value of each Share is backed by the Group's net tangible assets.

We note that the intangible assets are in relation to the clinics that the Group had acquired over the years and these clinics constitute the main operating business of the Group and are the cash-generating units ("**CGU**") of the Group. As these CGU are revenue generating, the intangible assets thus represent value to the Group as a going concern. In addition, these intangible assets as at 31 December 2016 represent the balance after Management has taken into consideration any impairment charges and assessment of each CGU based on its value-in-use.

Hence, we are of the opinion that assessment of the valuation of the Group based on the price-to-NAV ("**P/NAV**") ratio is more relevant.

Based on the unaudited NAV per Share of S$0.063 as at 31 December 2016, the Offer Price represents a P/NAV ratio of 0.66 times, that is, the Offer Price is at a discount of 33.7% to the NAV per Share.

Other than the intangible assets that have been assessed by the Company as at 31 December 2016 as explained above, the Group does not have any significant non-current assets. The Group does not own any real properties as at 31 December 2016. Hence for the purpose of the Offer, the Company did not commission for any valuation to be carried out on its non-current assets.

In our evaluation of the financial terms of the Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 December 2016, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NAV as at 31 December 2016.

In respect of the above, we have sought the following confirmation from the Board of Directors and the Management, and they have confirmed to us that as at the LPD, to the best of their knowledge and belief, and save for the announcements made by the Company since 31 December 2016 to the LPD:

(a) there are no material differences between the realisable values of the Group's assets and their respective book values as at 31 December 2016 which would have a material impact on the NAV of the Group;

(b) save for matters announced by the Company up to the LPD, other than that already provided for or disclosed in the Group's financial statements as at 31 December 2016, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the LPD;

(c) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;

(d) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and

(e) there are no material acquisitions or disposals of assets by the Group between 31 December 2016 and the LPD nor does the Group have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

As highlighted in Section 1 and Section 6 of this Letter, on the LPD, the Company had made the various important announcements in relation to the Group:

(a) the potential inability to continue as a going concern until, *inter alia*, sufficient fresh funds are injected into the Company;

(b) extension of time by a 14-day grace period to fulfil the first closing conditions for the issue of the Initial Notes by the Subscriber;

(c) the waiver of requirement for the whitewash waiver and whitewash resolution for the Subscriber in connection with the issuance of CN B;

(d) Company's responses to various queries from the SGX-ST between 10 February 2017 and 8 March 2017; and

(e) SGX-ST ruling that the issue of the Initial Notes and CN B be subject to Shareholders' approval at an EGM pursuant to Rule 803 of the Catalist Rules.

The above announcement may have a significant impact on the financial performance, financial position and prospects of the Group which may give rise to uncertainties on the Group in the immediate future.

For the purpose of evaluating the financial terms of the Offer, we have relied on the latest available financial information of the Group for FY2016.

8.4 Comparison with recently completed offers of companies listed on the SGX-ST

Based on publicly available information as at the LPD, the Offeror and its concert parties collectively own, control or have agreed to acquire an aggregate of 465,478,038 Shares, representing 18.92% of the total number of Shares of 2,460,234,183 Shares. The Offer is subject to the Acceptance Condition and has not been declared unconditional in all respects as at the LPD.

We note that it is the current intention of the Offeror to retain the listing of the Company on the SGX-ST. However, the Offeror has not stated definitively its proposed plans to ensure that the Company meets the minimum public float requirement in order to retain the listing status of the Company.

Therefore, in our assessment on the reasonableness of the Offer Price, we have compared the financial terms implied by the Offer Price with those of selected recently completed offers for companies listed on the SGX-ST (excluding real estate investment trusts and business trusts) that were announced since January 2016 to the LPD:

(i) where the offeror has indicated its current intention to preserve the listing status of the offeree company ("**Non-Privatisation Transactions**"); and

(ii) where the offeror has indicated its intention to privatise and delist the offeree company ("**Privatisation Transactions**"). These Privatisation Transactions could be carried out by way of either a voluntary delisting exit offer under Rule 1307 of the Listing Manual, a scheme of arrangement under Section 210 of the Companies Act or a general take-over offer under the Code.

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the offeree companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out:

(a) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month and 3-month periods prior to the announcement of the respective transactions; and

(b) the premium or discount represented by each of the respective offer prices to the NAV of the respective target companies. We note that certain transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their latest announced book values. In this respect, we have compared the offer price with the revalued NAV, revalued NTA or adjusted NAV or NTA of the respective target companies.

We wish to highlight that the target companies listed in the Non-Privatisation Transactions and Privatisation Transactions as set out in the analysis below may not be directly comparable with the Group in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. The premium or discount that an offeror pays in any particular Non-Privatisation Transaction or Privatisation Transaction varies in different specific circumstances depending on, *inter alia*, factors such as the intention of the offeror, the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence or absence of competing bids for the target company, and the existing and desired level of control in the target company. The list of the Non-Privatisation Transactions and Privatisation Transactions is by no means exhaustive and as such any comparison made only serves as an illustration. Conclusions drawn from the comparisons made may not necessarily reflect the perceived or implied market valuation of the Company.

Based on the list of the relevant transactions since January 2016, we note that the list of Non-Privatisation Transactions is much shorter than the Privatisation Transactions as, amongst other things, the Non-Privatisation Transactions are usually made by way of general take-over offers whereas the Privatisation Transactions include voluntary delisting offers, schemes of arrangement and general take-over offers.

Table 1 - Non-Privatisation Transactions

			Premium/(Discount) of Offer Price over / (to):			
Name of company	**Sector**	**Date of announce-ment**	**Last transacted price prior to announce-ment (%)**	**1 month VWAP prior to announce-ment (%)**	**3 month VWAP prior to announce-ment (%)**	**P/NAV (times)**
Abundance International Limited	Businesses of chemical trading, investments, and commercial printing (adopting an outsourcing model without internal production)	24 Mar 2016	72.4	65.6	67.5	1.3[(1)]
Halcyon Agri Corporation Limited	Production of high quality natural rubber	28 Mar 2016	18.1	12.8	8.0	n.m.[(2)]
British and Malayan Trustees Limited	Provision of professional trustee and advisory services	13 May 2016	n.a.[(3)]	n.a.[(3)]	n.a.[(3)]	1.1[(3)]
Ellipsiz Ltd	Distribution and service solutions provider for semiconductor and electronics manufacturing	07 Jul 2016	1.6	5.0	8.0	0.7[(4)]
High			72.4	65.6	67.5	1.3
Low			1.6	5.0	8.0	0.7
Mean			30.7	27.8	27.8	1.0
Median			18.1	12.8	8.0	1.1

Name of company	Sector	Date of announcement	Premium/(Discount) of Offer Price over / (to): Last transacted price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)	P/NAV (times)
Company (implied by the Offer Price)		**07 Feb 2017**	**2.4**	**8.9**	**15.0**	**0.66 (based on unaudited NAV as at 31 Dec 2016)**

Source: *SGX-ST announcements and circulars to shareholders in relation to the Non-Privatisation Transactions*

Notes:

(1) Based on the NTA per share of Abundance International Limited as at 31 December 2015 and enlarged share capital pursuant to the share issuance on 24 March 2016;

(2) N.m. denotes not meaningful as Halcyon Agri Corporation Limited has a net liability position as at 31 March 2016;

(3) Based on the audited revalued NAV per share of British and Malayan Trustees Limited as at 30 June 2016. The shares of British and Malayan Trustees Limited were last traded on 26 October 2015; and

(4) Based on the unaudited NTA per share of Ellipsiz Ltd as at 30 June 2016.

Based on the above, we note that:

(a) The premia implied by the Offer Price over the last transacted price, and the VWAP for the 1-month period prior to the release of the Offer Announcement are within the range but significantly lower than the mean and median of the corresponding premia of the Non-Privatisation Transactions

The premium implied by the Offer Price over the VWAP for the 3-month period prior to the release of the Offer Announcement is within the range, higher than the median but lower than the mean of the corresponding premia of the Non-Privatisation Transactions; and

(b) The P/NAV ratio of 0.66 times implied by the Offer Price is below the lower end of the range and hence lower than the mean and median of the corresponding P/NAV ratios of the Non-Privatisation Transactions.

Shareholders should note that the above comparison with the Non-Privatisation Transactions is purely for illustrative purposes only.

Table 2 - Privatisation Transactions

Name of company	Sector	Date of announcement	Premium/(Discount) of Offer Price over / (to): Last transacted price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)	P/NAV (times)
HTL International Holdings Limited	Manufacture, processing and sale of wooden products	07 Jan 2016	46.0	69.2	98.4	1.9[(1)]
Lantrovision (S) Ltd	Supply, design, install and provide IT consultancy services	27 Jan 2016	47.7	42.8	46.2	1.5[(2)]
China Yongsheng Limited	Production and supply of concrete and related products	24 Feb 2016	52.4	67.4	62.4	0.7[(3)]
Xinren Aluminium Holdings Limited	Smelting, sale, production and trading of aluminium and related products	25 Feb 2016	25.1	49.6	50.0	1.5[(4)]

Name of company	Sector	Date of announcement	Premium/(Discount) of Offer Price over / (to): Last transacted price prior to announcement (%)	1 month VWAP prior to announcement (%)	3 month VWAP prior to announcement (%)	P/NAV (times)
OSIM International Ltd	Distributes, sells and franchises healthy lifestyle products	07 Mar 2016	27.0	40.9	42.5	2.6[5]
Select Group Limited	Food catering and management services	23 Mar 2016	23.5	37.9	43.4	3.9[6]
GMG Global Ltd	Processing, producing, marketing and exporting of rubber	28 Mar 2016	10.8	25.2	39.9	0.7[7]
Xyec Holdings Co., Ltd.	Provision of integrated engineering and IT consultancy and services	29 Mar 2016	50.0	49.3	49.3	1.3[8]
Pteris Global Limited	Provision of airport facility equipment	21 Apr 2016	33.9	38.0	44.1	1.2[9]
China Merchants Holdings (Pacific) Limited	Toll road operator	09 May 2016	22.9	21.8	25.3	1.1[10]
Eu Yan Sang International Ltd	Health and wellness company in traditional Chinese medicines	16 May 2016	2.6	8.5	16.5	1.7[11]
Otto Marine Limited	Vessel construction, repair, conversion, chartering, leasing of vessels and subsea services	08 Jun 2016	39.1	44.8	43.5	2.3[12]
SMRT Corp Ltd	Provision of land transport services in rail operations, maintenance and engineering as well as bus, taxi and automotive	20 Jul 2016	8.7	10.8	10.7	2.8[13]
Sim Lian Group Limited	Property development, investment and construction	08 Aug 2016	14.9	16.6	19.5	0.8[14]
China Minzhong Food Corporation Limited	Cultivation, production and sale of processed vegetables, fruit and vegetable beverages	06 Sep 2016	25.0	24.8	23.1	0.7[15]
Aztech Group Ltd.	Electronics and LED lighting manufacturing, material supply and marine logistics, and food and beverage retail and supplies	19 Sep 2016	29.2	38.6	21.0	0.4[16]
China New Town Development Company Limited	Urbanisation developer and operator for large township projects	18 Oct 2016	18.6	20.5	27.0	0.9[17]
China Auto Electronics Group Limited	Automotive electrical and electronics distribution system manufacturer	24 Oct 2016	23.1	50.9	65.0	1.3[18]
Innovalues Limited	Manufactures customised precision machined parts and components for automotive industries	26 Oct 2016	13.5[20]	19.0[20]	21.6[20]	3.7[19]
High			52.4	69.2	98.4	3.9
Low			2.6	8.5	10.7	0.4
Mean			27.1	35.6	39.4	1.6
Median			25.0	38.0	42.5	1.3
Company (implied by the Offer Price)		**07 Feb 2017**	**2.4**	**8.9**	**15.0**	**0.66 (based on unaudited NAV as at 31 Dec 2016)**

Source: *SGX-ST announcements and circulars to shareholders in relation to the Privatisation Transactions*

Notes:

(1) Based on the NTA per share of HTL International Holdings Limited as at 31 December 2015;

(2) Based on the NTA per share of Lantrovision (S) Ltd as at 31 December 2015;

(3) Based on the revalued NAV per share of China Yongsheng Limited as at 31 December 2015;

(4) Based on the revalued NAV per share of Xinren Aluminium Holdings Limited as at 31 December 2015;

(5) Based on the final offer price of S$1.39 per share announced on 5 April 2016 and the audited NAV per share of OSIM International Ltd as at 31 December 2015;

(6) Based on the NTA per share of Select Group Limited as at 31 December 2015;

(7) Based on the midpoint of the P/NAV range of GMG Global Ltd of 0.72-0.77 as at 31 December 2015 implied by the respective Halcyon Agri Corporation Limited (offeror) VWAP for the 1, 3 and 6 month periods prior to the pre-conditional announcement date of 28 March 2016;

(8) Based on the NAV per share of Xyec Holdings Co., Ltd. as at 30 September 2015;

(9) Based on the final offer and RNTA per share of Pteris Global Limited as at 31 March 2016;

(10) Based on the revalued NAV per share of China Merchants Holdings (Pacific) Limited as at 31 March 2016;

(11) Based on the revalued NAV per share of Eu Yan Sang International Ltd as at 31 March 2016;

(12) Based on the revalued NTA per share of Otto Marine Limited as at 31 March 2016;

(13) Based on the NTA per share of SMRT Corp Ltd as at 30 June 2016;

(14) Based on the revalued NAV per share of Sim Lian Group Limited as at 30 June 2016;

(15) Based on the NTA per share of China Minzhong Food Corporation Limited as at 30 September 2016;

(16) Based on the RNTA per share of Aztech Group Ltd. as at 30 June 2016;

(17) Based on the NAV per share of China New Town Development Company Limited as at 30 September 2016;

(18) Based on the NTA per share of China Auto Electronics Group Limited on a diluted basis (after bond conversion) as at 30 June 2016;

(19) Based on the unaudited NTA per share of Innovalues Limited as at 30 September 2016; and

(20) The market premia were computed based on prices prior to the holding announcement date (7 April 2016) when the company first announced that it has appointed a financial adviser to conduct a review of the strategic options available to the company with a view to enhancing and unlocking shareholder value.

Based on the above, we note that:

(a) The Offer Price premia over the market Share prices for the relevant comparative periods are generally at the lower end of the range of statistics of the Privatisation Transactions.

In particular, the premia implied by the Offer Price over the last transacted price and the VWAP for 1-month period prior to the release of the Offer Announcement are at the lower end of the range and hence much lower than the mean and median of the corresponding premia of the Privatisation Transactions. The premium implied by the Offer Price over the VWAP for the 3-month period prior to the release of the Offer Announcement is within the range but still lower than the mean and median of the corresponding premia of the Privatisation Transactions; and

(b) The P/NAV ratio of 0.66 times implied by the Offer Price is within the range but lower than the mean and median of the corresponding P/NAV ratios of the Privatisation Transactions.

8.5 Comparison with offers to acquire controlling interest in companies listed on the SGX-ST

We note that prior to the Offer Announcement, the Offeror and its concert parties do not own majority controlling interest in the Company and they are not the single largest group of Shareholders in the Company. In particular, the Offer, being made, is a conditional take-over offer subject to the Offer becoming unconditional in all respects. If and when the Offer becomes unconditional in all respects, the Offeror and its concert parties will own majority controlling interest of the Company.

In this regard, we have further analysed offers of similar nature in relation to companies listed on the SGX-ST to assess the relevant statistics, in particular, to determine the premium being offered to acquire majority controlling interest in the target company.

We have selected such offers for companies listed on the SGX-ST announced since January 2016 and up to the LPD. In these cases, the offeror's intention can be either to maintain the listing status of the offeree company or to delist the listed company from the SGX-ST ("**Offer for Controlling Interest Transactions**").

This analysis serves as a general indication of the relevant premium/discount the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out:

(a) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month and 3-month periods prior to the announcement of the Offer for Controlling Interest Transactions; and

(b) the premium or discount represented by each of the respective P/NTA of the respective target companies.

We also wish to highlight that the selected companies involved in the Offer for Controlling Interest Transactions as set out in the analysis below may not be directly comparable with the Company in various aspects and the objective and rationale of the offeror in each of these transactions may not be directly comparable with the Offeror.

The list of the Offer for Controlling Interest Transactions is by no means exhaustive and as such any comparison made only serves as an illustration. Conclusions drawn from the comparisons made may not necessarily reflect the perceived or implied market valuation of the Company.

Table 3 – Offer for Controlling Interest Transactions

				Premium/(Discount) of Offer Price over / (to):			
Name of company	**Sector**	**Market capitalisation implied by the offer price (S$ million)**	**Date of announce-ment**	**Last transacted price prior to announce-ment (%)**	**1 month VWAP prior to announce-ment (%)**	**3 month VWAP prior to announce-ment (%)**	**P/NAV (times)**
HTL International Holdings Limited	Manufacture, processing and sale of wooden products	399.8	07 Jan 2016	46.0	69.2	98.4	1.9[(1)]
Lantrovision (S) Ltd	Supply, design, install and provide IT consultancy services	175.3	27 Jan 2016	47.7	42.8	46.2	1.5[(2)]
British and Malayan Trustees Limited	Provision of professional trustee and advisory services	20.7	13 May 2016	n.a.[(3)]	n.a.[(3)]	n.a.[(3)]	1.1[(3)]
Innovalues Limited	Manufactures customised precision machined parts and components for automotive industries	331.4	26 Oct 2016	13.5[(5)]	19.0[(5)]	21.6[(5)]	3.7[(4)]

Name of company	Sector	Market capitalisation implied by the offer price (S$ million)	Date of announce-ment	Premium/(Discount) of Offer Price over / (to): Last transacted price prior to announce-ment (%)	1 month VWAP prior to announce-ment (%)	3 month VWAP prior to announce-ment (%)	P/NAV (times)
Super Group Ltd	Manufacturing and distribution of consumer products, primarily instant coffee, instant cereal and instant tea mixes	1,448.6	03 Nov 2016	62.5	60.5	62.6	2.9(6)
IHC	Provides, develops and manages healthcare services	95.6	16 Feb 2017	1.9	14.2	20.6	0.8(7)
High				62.5	69.2	98.4	3.7
Low				1.9	14.2	20.6	0.8
Mean				34.3	41.1	49.9	2.0
Median				46.0	42.8	46.2	1.7
Company (implied by the Offer Price)		**103.3**	**07 Feb 2017**	**2.4**	**8.9**	**15.0**	**0.66 (based on unaudited NAV as at 31 Dec 2016)**

Source: *SGX-ST announcements and circulars to shareholders in relation to the Offer for Controlling Interest Transactions*

Notes:

(1) Based on the NTA per share of HTL International Holdings Limited as at 31 December 2015;

(2) Based on the NTA per share of Lantrovision (S) Ltd as at 31 December 2015;

(3) Based on the audited revalued NAV per share of British and Malayan Trustees Limited as at 30 June 2016. The shares of British and Malayan Trustees Limited were last traded on 26 October 2015;

(4) Based on the unaudited NTA per share of Innovalues Limited as at 30 September 2016;

(5) The market premia were computed based on prices prior to the holding announcement date (7 April 2016) when the company first announced that it has appointed a financial adviser to conduct a review of the strategic options available to the company with a view to enhancing and unlocking shareholder value;

(6) Based on the unaudited NTA per share of Super Group Ltd as at 30 June 2016; and

(7) Based on the unaudited NAV per share of IHC as at 30 September 2016. The takeover offer on IHC is open for acceptances as at the LPD but is unconditional in all respects.

Based on the above, we note that:

(a) The premium implied by the Offer Price over the last transacted price prior to the release of the Offer Announcement is at the lower end of the range and significantly lower than the mean and the mean of the corresponding premium of the Offer for Controlling Interest Transactions.

The premia implied by the Offer Price over the VWAP for 1-month and 3-month periods prior to the release of the Offer Announcement are below the lower end of the range and hence lower than the mean and median of the corresponding premia of the Offer for Controlling Interest Transactions;

(b) The P/NAV ratio of 0.66 times implied by the Offer Price is also below the lower end of the range and hence lower than the mean and median of the corresponding P/NAV ratios of the Offer for Controlling Interest Transactions; and

(c) At the time of the announcement of the offer for IHC on 16 February 2017, the offeror had acquired 35.77% shareholding interests in IHC from various vendors, which resulted in the offeror and its concert parties holding 57.60% shareholding interest in IHC, thus gaining majority controlling interest of IHC. The acquisition price from the vendors therefore sets the offer price for the takeover of IHC. The takeover offer of IHC is unconditional in all respects and the offer is open for acceptances as at the LPD. The offeror is a member of OUE Limited, a company listed on the Mainboard of the SGX-ST which is also related to the Lippo group of companies.

The relevant statistics of the Group in terms of P/NAV ratio and offer price premia over 1-month and 3-month VWAP are lower than that of IHC, which is broadly in the healthcare services industry.

8.6 Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group

The Group is principally engaged in the provision of private healthcare services through its network of medical centres and clinics in Singapore. For the purpose of assessing the Offer Price, we have attempted to compare the valuation ratios of the Company implied by the Offer Price with those of selected companies listed on the SGX-ST that are involved in businesses which can be considered as broad proxies to the principal business of the Group, that is, listed companies that are engaged in offering healthcare services ("**Comparable Peer Companies**"). For a more meaningful comparison, we have selected companies with a market capitalisation of S$500 million and below as at the LPD as broad proxies to the Group.

We have had discussions with Management about the suitability and reasonableness of the selected Comparable Peer Companies acting as a basis for comparison with the Group. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the selected Comparable Peer Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The accounting policies of the selected Comparable Peer Companies with respect to the values for which the assets, revenue or cost are recorded may differ from that of the Group.

We wish to highlight that the selected Comparable Peer Companies are not exhaustive and it should be noted that there may not be any listed company that is directly comparable with the Group in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of valuation statistics for the selected Comparable Peer Companies. Therefore, any comparison made serves only as an illustrative guide.

A brief description of the selected Comparable Peer Companies, as extracted from Bloomberg L.P. is set out below:

Name of company	Stock Exchange	Principal business
AsiaMedic Ltd ("**AsiaMedic")**	SGX-Catalist	AsiaMedic is a healthcare provider that focuses on the management of clinical services in the fields of disease prevention, early illness detection, and advanced diagnostics. The Company provides clinical and management services in Singapore and Internationally.
HC Surgical Specialists Ltd ("**HCSS**")	SGX-Catalist	HCSS operates as a medical services group. The Company focuses on the provision of endoscopic procedures, including gastroscopies and colonoscopies, and general surgery services with a focus on colorectal procedures. HCSS serves customers in Singapore.

Name of company	Stock Exchange	Principal business
Health Management International Ltd ("**HMI**")	SGX-Catalist	HMI is a regional private healthcare provider in South East Asia. The Company owns and operates tertiary care hospitals supported by a patient referral network, as well as a healthcare training institute.
IHC	SGX-Catalist	IHC is an integrated healthcare services and facilities provider. The Company owns, manages and operates hospitals and nursing facilities.
ISEC Healthcare Ltd ("**ISEC**")	SGX-Catalist	ISEC provides eyecare (ophthalmology) services in Malaysia and Singapore. The Company provides clinical care, research and educational services. ISEC Healthcare operates across Malaysia and Singapore.
Singapore Medical Group Ltd ("**SMG**")	SGX-Catalist	SMG operates medical clinics throughout Singapore. The Company's principal activities lie in the provision of multi-disciplinary specialist healthcare services across the fields of ophthalmology, sports medicine, aesthetic medicine and oncology.
Singapore O&G Ltd ("**SOG**")	SGX-ST Mainboard	SOG operates specialist health care facilities catered toward woman in Singapore. The Company provides services in obstetric, gynecology, gyne-oncology, breast and surgical care.

Source: *Bloomberg L.P.*

For the purpose of our evaluation and for illustration, we have made comparison between the Group and the selected Comparable Peer Companies using the following bases:

(i) The trailing twelve months ("**T12M**") PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern; and

(ii) The P/NAV ratio or NAV approach is used to show the extent the value of each share is backed by all assets. The NAV approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities of the group.

Table 4 – Comparable Peer Companies

Name of company	Last financial year end	Market capitalisation as at the LPD (S$'million)	T12M PER[(1)] (times)	P/NAV[(2)] (times)
AsiaMedic	31 Dec 2016	29.3	n.m.[(3)]	2.2
HCSS	31 May 2016	87.1	55.3	6.3
HMI	30 Jun 2016	373.8	47.6	5.9
IHC	31 Dec 2015	95.6	n.m.[(3)]	0.8
ISEC	31 Dec 2016	155.1	58.9	2.6
SMG	31 Dec 2016	223.5	35.8	9.6
SOG	31 Dec 2016	296.8	33.7	7.1
High			58.9	9.6
Low			33.7	0.8
Mean			46.2	4.9
Median			47.6	5.9

Name of company	Last financial year end	Market capitalisation as at the LPD (S$'million)	T12M PER[(1)] (times)	P/NAV[(2)] (times)
Company (implied by the Offer Price)	**31 Dec 2016**	**103.3**	**n.m.[(3)]**	**0.66 (based on unaudited NAV as at 31 Dec 2016)**

Source: *Bloomberg L.P.*

Notes:

(1) The T12M PER of the Comparable Peer Companies were computed based on their T12M basic consolidated earnings per share as set out in their latest available published interim results or latest full year results, whichever is applicable, as at the LPD;

(2) The P/NAV ratios of the Comparable Peer Companies were computed based on their respective NAV values as set out in their latest publicly available financial statements and their market capitalisation as at the LPD. The P/NAV ratio of the Group is computed based on the Offer Price and is as shown in Section 8.3 of this Letter; and

(3) Denotes not meaningful.

Based on the above, we note that:

(a) PER of the Group is not meaningful as it incurred a loss for FY2016 even after adjusting for the one-off items as shown in Section 8.2 of this Letter;

(b) The P/NAV ratio of the Group of 0.66 times implied by the Offer Price is below the lower end of the range and hence lower than the mean and median of the corresponding P/NAV ratios of the Comparable Peer Companies; and

(c) The P/NAV of IHC is based on the offer price for the IHC shares and the NAV of IHC as at 30 September 2016. IHC had applied for an extension of time to announce its financial results for the financial year ended 31 December 2016 from 1 March 2017 to 31 May 2017. The P/NAV ratio of IHC forms the lower end of the range of the P/NAV of the Comparable Peer Companies.

8.7 Comparison with precedent M&A transactions of companies which are broadly comparable with the Group

The Offeror and its concert parties intend to acquire majority controlling interest in the Group which is engaged in the provision of healthcare services through a network of medical centres and clinics in Singapore. In this regard, we have attempted to make a comparison of the relevant financial terms of selected recent M&A transactions over the last 2 years on acquisitions of equity interests in companies which are in the healthcare industry ("**Precedent M&A Transactions**"). These Precedent M&A Transactions include acquisitions of companies listed on the SGX-ST and private companies (comprising a chain of clinics) acquired by SGX-ST listed companies, where information on such Precedent M&A Transactions are publicly available.

We have had discussions with the Management about the suitability and reasonableness of the Precedent M&A Transactions for comparison with the Group. Relevant information has been extracted from Bloomberg L.P. and/or public announcements of the Precedent M&A Transactions, where available. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

We wish to highlight that the selected companies in the Precedent M&A Transactions as set out in the analysis below may not be directly comparable with the Group in various ways and

the objective and rationale of the acquirer in each of these transactions may not be directly comparable with the Offeror.

Table 5 – Precedent M&A Transactions

Acquirer	Target	Nature of business	Date of announcement	Purchase Consideration (S$'million)	P/NAV (times)	PER (times)
SOG	3 clinics	Laser and surgery, pharmaceutical and skin clinic	05 Nov 2015	26.5	17.7[(1)]	10.6[(2)]
ISEC	4 clinics	Medical clinics	27 May 2016	13.9	27.9[(3)]	12.0[(4)]
SMG	6 clinics	Obstetrics and gynaecology	11 Oct 2016	60.0	85.7[(5)(10)]	13.0[(6)]
Lippo Group	IHC	Heathcare services and facilities	16 Feb 2017	95.6[(7)]	0.8[(8)]	n.m.[(9)]
High					85.7	13.0
Low					0.8	10.6
Mean					15.4	11.9
Median					17.7	12.0
Offeror	**Company**	**Medical centres and clinics**	**07 Feb 2017**	**103.3[(7)]**	**0.66 (based on unaudited NAV as at 31 Dec 2016)**	**n.m.[(9)]**

Source: *Announcements by the respective acquirers and publicly available information*

Notes:

(1) Based on the minimum net tangible asset of the target assets of S$1.5 million immediately after completion of the acquisition;

(2) Based on the one year profit guarantee of at least S$2.5 million;

(3) Based on the minimum net tangible asset of the target companies of S$500,000 at completion of the acquisition;

(4) Based on the target companies' unaudited adjusted and normalised net profit after tax for the financial year ended 31 October 2015 of $1,161,823;

(5) Based on the book value of the target companies of at least S$0.70 million;

(6) Based on the target's proforma net profit after tax of approximately S$4,615,000;

(7) Based on the market capitalisation implied by the offer price as at the date of announcement;

(8) Based on target's unaudited NAV as at 30 September 2016;

(9) N.m. denotes not meaningful;

(10) Excluded as statistical outlier in the mean and median computations.

Based on our observation of the above Precedent M&A Transactions, we note that:

(a) the PER comparison is not a meaningful metric as the Group is loss making (even on an adjusted basis) for FY2016; and

(b) the P/NAV ratio of the Group of 0.66 times implied by the Offer Price is below the lower end of the range and significantly below than the mean and median of the corresponding P/NAV ratios of the Precedent M&A Transactions.

8.8 Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment

8.8.1 Rationale for the Subscription Agreement

As disclosed by the Company in its announcement dated 24 February 2017 in connection with the update to Shareholders on the proposed issuance of Notes, the Company is currently faced with liquidity issues, significant losses and potential going concern issues. The full text of the rationale for the Subscription Agreement is as set out below:

"The Company had continuously explored various debt and/or equity fund raising options in order to (i) manage its short-term and medium-term liquidity needs; (ii) meet its working capital requirements; and (iii) optimise its capital structure.

The Board is of the opinion that the issuance of the Initial Notes is in the best interests of the Company compared to the various other methods of fundraising which was available to the Company, amidst a difficult situation where the Company is currently faced with liquidity issues, significant losses and potential going concern issues. The Company has had difficulties in refinancing its upcoming debt maturities and obtaining new bank loans over the course of 2016.

The Company's ability to meet its current obligations is reliant on raising sufficient liquidity on a timely basis which is provided for under the Subscription Agreement. The terms of the Subscription Agreement was also considered the most appropriate at the time the Subscription Agreement was entered into and in light of the Group's current business climate, given the ability of the Subscriber to commit to the Company for both the short and medium terms and to support the Group in its business growth.

The Company intends to utilise approximately 20% of the net proceeds to be raised (after deducting estimated expenses of S$1.7 million) of approximately S$68.3 million to repay existing bank borrowings, 20% for general working capital and the remainder to pursue both organic and inorganic growth."

8.8.2 Company's announcement on 11 March 2017 regarding its ability to continue as a going concern

On 11 March 2017, the Company announced, *inter alia*, that the Group is facing potential going concern issues unless sufficient fresh funds are injected into the Company. The full text of the announcement is as set out below:

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

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

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

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

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

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

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

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

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

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

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

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

The above announcement may have a significant impact on the financial performance, financial position and prospects of the Group which may give rise to uncertainties on the Group in the immediate future.

8.8.3 No other competing offers for the Shares

The Directors have confirmed that, as at the LPD, apart from the Offer, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

Given the Company's current liquidity and potential going concern issues, Shareholders who are not positive about the prospects of the Group or who do not wish to take further investment risk on their Shares, should note that the Offer is the only offer on the table as at the LPD that provides Shareholders the opportunity to monetise their Shares in cash. There is no certainty that Shareholders will otherwise be able to obtain a better value for their Shares if they do not accept the Offer.

8.8.4 Intention of the Offeror regarding listing status

As mentioned in Section 7 of this Letter, it is the current intention of the Offeror to retain the listing of the Company on the SGX-ST.

However, if the Offeror receives acceptances pursuant to the Offer in respect of not less than 90% of the total number of Offer Shares in issue as at the close of the Offer (other than those already held by the Offeror, its related companies and their respective nominees as at the date of the despatch of the Offer Document), the Offeror will consider whether or not to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act to acquire those Offer Shares not acquired by the Offeror pursuant to the Offer.

Pursuant to the Rule 1104 of the Catalist Rules, if the Offeror receives acceptances during the Offer which bring the holdings of the Offeror and its concert parties to above 90% of the total issued Shares, the SGX-ST may suspend the trading of the Shares until the Company meets the minimum public float requirement of at least 10% to be held by at least 200 public Shareholders. Pursuant to Rule 1303(1) of the Catalist Rules, in a takeover situation, the SGX-ST will suspend trading of the Shares at the close of the Offer.

8.8.5 Directors' intentions with respect to their Shares

As disclosed in Section 4.9 of Appendix B to the Circular, the Director, namely Mr Wong Ong Ming Eric has informed the Company that he intends to reject the Offer in respect of the 274,084 Shares directly held by him for reasons as stated therein. Madam Nancy Chong, the wife of Mr Wong Ong Ming Eric, has also informed the Company that she intends to reject the Offer in respect of her 19,380 Shares held by her for the same reasons as her husband.

Save for Mr Wong Ong Ming Eric, the remaining Directors do not hold any Shares.

8.8.6 Dividend track record of the Company

The Company had not declared any cash dividend on the Shares in respect of the last five financial years from FY2012 to FY2016.

We note that the Company had carried out a distribution *in specie* of up to 189,948,004 shares in IHC in FY2013 in connection with the listing of IHC on the SGX-Catalist, on the basis of approximately 82.29 IHC Shares for every 1,000 Shares held.

The Directors have confirmed that the Company does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Company's cash and financial position, financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans.

Given the Company's current liquidity and potential going concern issues, barring any unforeseen circumstances, it is unlikely that the Group will be in a position to declare and pay cash dividend from its operating profits.

We wish to highlight that the above dividend analysis of the Company serves only as an illustrative guide and is not an indication of the Company's future dividend policy. There is no assurance that the Company will pay dividends in future.

8.9 Convertible Notes Offer (where applicable)

As set out in Section 4 of this Letter, the Offeror intends to make the Convertible Notes Offer to the Noteholders to pay the Convertible Notes Offer Price (computed on a "see-through" basis) in consideration of such Noteholders agreeing not to convert their Notes in relation to their acceptance of the Convertible Notes Offer, and exercise any of their rights as a holder of the Convertible Notes, from the date of their acceptance of the Convertible Notes Offer to the dates of expiry of their respective Convertible Notes. The Convertible Notes Offer is conditional upon the Offer becoming or being declared unconditional in all respects and the Convertible Notes continuing to be transferable (subject to the terms of the Convertible Notes and any other applicable restrictions) and convertible into new Shares. If the Offer lapses or is withdrawn or if the relevant Convertible Notes cease to be transferable or convertible into Shares, the Convertible Notes Offer shall lapse accordingly.

Whilst the Convertible Notes Offer is conditional upon the Offer becoming or being declared unconditional in all respects, the Offer is not conditional upon acceptances received in relation to the Convertible Notes Offer. The Offer and the Convertible Notes Offer are separate and mutually exclusive.

As at the LPD, the Offer has not become unconditional in all respects.

As at the LPD, none of the Convertible Notes have been issued. For the avoidance of doubt, the Convertible Notes Offer will only be made to the Noteholder after the Convertible Notes are issued.

On 11 March 2017, the Company had announced that the issue of the Initial Notes and CN B is subject to Shareholders' approval at an EGM. As such, the Company is of the view that the Initial Notes and the Convertible Notes may not be issued before the first closing date of the Offer on 28 March 2017.

However, in a hypothetical situation that the Convertible Notes are issued before the final close of the Offer, our evaluation and advice on the Convertible Notes Offer are as follows:

(a) the Convertible Notes Offer Price is calculated on a "see-through" basis. Hence, the consideration a Noteholder would receive from accepting the Convertible Notes Offer would be the same as if the Noteholder were to convert the Convertible Notes into new Shares and accept the cash consideration for the new Shares at the Offer Price pursuant to the Offer. Accordingly, the Convertible Notes Offer (where applicable) is in compliance with Rule 19 of the Code;

(b) based on the conversion price of the Convertible Notes of S$0.03384 per Share, the Offeror is offering the Noteholder a premium of 24.11% above the principal amount and applicable accrued interest of the Convertible Notes.

For illustrative purpose only, based on the conversion price of S$0.03384 and assuming the aggregate principal and accrued interest of the Convertible Notes is S$10,000,000, the aggregate Convertible Notes Offer Price will be approximately S$12,411,348 in cash (295,508,274 x S$0.042) that is, a premium of 24.11% above the aggregate principal and accrued interest of the Convertible Notes of S$10,000,000.

On the basis that the Convertible Notes Offer Price is computed on a "see-through" basis, our evaluation and recommendation of the Offer as set out in Section 8.1 to Section 8.8 and Section 9 of this Letter are also applicable to the Noteholders; and

(c) however, we note that the Subscriber is effectively the only Noteholder and its interests are safe-guarded by the terms and conditions of the CN A, NCN and CN B, including, *inter alia*, an upfront fee of S$1.4 million upon the subscription of the Notes and the redemption premium in the event of a Change of Control of the Company, as disclosed in Section 4.3(h) of this Letter.

From the perspective of the Subscriber, if the Notes are issued to it before the close of the Offer, the Subscriber will stand to make a gain whether or not they accept the Convertible Notes Offer so long as the Offer becomes unconditional in all respects, based on the following:

(i) If the Subscriber does not accept the Convertible Notes Offer - the Subscriber will be entitled to the redemption premium of 25% from the Company in addition to the repayment of the Notes; OR

(ii) If the Subscriber accepts the Convertible Notes Offer - the Subscriber will be paid a premium of 24.11% above the principal amount and accrued interests on the Notes by the Offeror.

If the Offer does not become unconditional in all respects by the close of the Offer, the above gain by the Subscriber will not materialise.

Given the current financial condition of the Group, there may be a risk in securing the repayment of the Notes and the payment of the redemption premium from the Company. On the other hand, the payment from the Offeror is a certainty given the confirmation of financial resources by RHBSEC in connection with the Offer as required under the Code, although the gain of 24.11% is slightly lower under the Convertible Notes Offer as compared to the 25% redemption premium from the Company.

Hence, from a financial perspective and for certainty of payment, the Subscriber should **ACCEPT** the Convertible Notes Offer (where applicable).

In rendering our advice and giving our recommendation on the Convertible Notes Offer, we have not had regard to, *inter alia*, the specific investment objectives, needs and constraints of the Subscriber in subscribing the Notes. We advise the Directors to recommend that the Subscriber who may require specific advice in relation to its investment portfolio should consult its own professional advisers.

9. OUR RECOMMENDATIONS TO THE DIRECTORS ON THE OFFER

In arriving at our recommendation in respect of the Offer, we have taken into account, reviewed and deliberated on the following key considerations which we consider to be pertinent in our assessment of the Offer:

(a) Market quotation and trading activity of the Shares;

(b) Financial performance of the Group;

(c) Financial position of the Group;

(d) Comparison with recently completed offers of companies listed on the SGX-ST;

(e) Comparison with offers to acquire controlling interest in companies listed on the SGX-ST;

(f) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group;

(g) Comparison with precedent M&A Transactions of companies which are broadly comparable with the Group;

(h) Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment; and

(i) Convertible Notes Offer (where applicable).

Based on our analysis and after having considered carefully the information available to us as at the LPD, overall, we are of the view that the financial terms of the Offer are not fair but reasonable.

Accordingly, we advise the Directors to recommend Shareholders to ACCEPT the Offer.

Shareholders who wish to realise their investments in the Company can also choose to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting transaction costs) and provided there is no trading halt or trading suspension on the Shares on the SGX-Catalist.

In rendering the above advice, we have not given regard to any specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder. As each individual Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his legal, financial, tax or other professional adviser immediately. The Directors should advise Shareholders that the opinion and advice of Provenance Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Offer, as the case may be.

Our recommendation is addressed to the Directors for their benefit, in connection with and for the purposes of their consideration of the Offer, as the case may be, and may not be used or relied on for any other purposes (other than for the purpose of the Offer) without the prior written consent of Provenance Capital. The recommendation to be made by the Directors to Shareholders in respect of the Offer, as the case may be, shall remain the responsibility of the Directors.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

APPENDIX B: ADDITIONAL GENERAL INFORMATION ON THE COMPANY

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Khoo Yee Hoe	c/o 2 Leng Kee Road #06-07 Thye Hong Centre Singapore 159086	Non-Executive Independent Director and Chairman
Wong Ong Ming Eric	c/o 2 Leng Kee Road #06-07 Thye Hong Centre Singapore 159086	Non-Executive Non-Independent Director
Sonny Yuen Chee Choong	c/o 2 Leng Kee Road #06-07 Thye Hong Centre Singapore 159086	Non-Executive Independent Director
Ho Sun Yee	c/o 2 Leng Kee Road #06-07 Thye Hong Centre Singapore 159086	Non-Executive Independent Director
Lin Weiwen Moses	c/o 2 Leng Kee Road #06-07 Thye Hong Centre Singapore 159086	Non-Executive Independent Director

2. PRINCIPAL ACTIVITIES

The Company is incorporated in the Republic of Singapore with its principal place of business and registered office at 2 Leng Kee Road #06-07 Thye Hong Centre Singapore 159086.

Based on publicly available information, the Company was incorporated under the laws of Singapore on 16 May 2007 and was listed on the Catalist sponsor-supervised listing platform of the SGX-ST on 4 July 2008. The Group owns, operates and/or manages 11 medical practice groups, comprising approximately 100 clinics. The principal activities of the Company are investment holding and carrying out the business of healthcare management.

3. SHARE CAPITAL

3.1 Issued Shares

As at the Latest Practicable Date, the Company has an issued and fully paid-up share capital of S$211,699,599.10[1] divided into 2,460,234,183 Shares. As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 31 December 2016, being the end of the last financial year of the Company. As at the Latest Practicable Date, the Company has no treasury shares. The Shares are listed and quoted on the Catalist Board of the SGX-ST.

The Shares carry equal ranking rights to dividends, voting at general meetings and return of capital.

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[1] Figures are rounded up to the nearest two decimal places.

There is no restriction in the Constitution on the right to transfer any Shares, which has the effect of requiring the holders of Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

3.2 Convertible Securities

As at the Latest Practicable Date, the Company does not have any outstanding instruments convertible into, rights to subscribe for and options or derivatives in respect of, the Shares or securities carrying voting rights in the Company. For more information, please refer to Section 9A of this Circular.

3.3 Rights in respect of capital, dividends and voting rights

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Constitution. For ease of reference, selected texts of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting rights have been reproduced in Appendix E to this Circular.

4. DISCLOSURE OF INTERESTS

4.1 Interests of the Company in shares and Relevant Securities of the Offeror

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries owns any shares, securities which carry voting rights, or convertible securities, warrants, options or derivatives in respect of shares or securities which carry voting rights (collectively "**Relevant Securities**") of the Offeror, whether directly or indirectly.

4.2 Dealings in shares and Relevant Securities of the Offeror by the Company

Neither the Company nor any of its subsidiaries have dealt for value in the shares or Relevant Securities of the Offeror during the period commencing three months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.3 Interests of Directors in Shares and Relevant Securities of the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has any interest, direct or indirect, in the Shares or Relevant Securities of the Company:

	Direct Interest		Deemed Interest	
Name	**Number of Shares**	**% of total issued Shares[(1)]**	**Number of Shares**	**% of total issued Shares[(1)]**
Wong Ong Ming Eric	274,084	0.011	19,380[(2)]	0.001

Notes:

(1) Based on 2,460,234,183 Shares as at the Latest Practicable Date. Figures are rounded up to the nearest three decimal places.

(2) Mr Wong Ong Ming Eric is deemed to be interested in the 19,380 Shares held by his wife, Madam Nancy Chong.

4.4 Dealings in Shares and Relevant Securities of the Company by Directors

None of the Directors has dealt for value in Shares or Relevant Securities of the Company during the period commencing three months prior to Offer Announcement Date and ending on the Latest Practicable Date.

4.5 Interests of Directors in shares and Relevant Securities of the Offeror

None of the Directors has any direct or indirect interests in the shares or Relevant Securities of the Offeror as at the Latest Practicable Date.

4.6 Dealings in shares and Relevant Securities of Offeror by Directors

None of the Directors has dealt for value in the shares or Relevant Securities of the Offeror during the period commencing three months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.7 Interests of the IFA in Shares and Relevant Securities of the Company

None of the IFA or any of the funds whose investments are managed by the IFA on a discretionary basis owns or controls any Shares or Relevant Securities of the Company as at the Latest Practicable Date.

4.8 Dealings in Shares and Relevant Securities of the Company by the IFA

None of the IFA or any of the funds whose investments are managed by the IFA on a discretionary basis has dealt for value in Shares or Relevant Securities of the Company during the period commencing three months prior to Offer Announcement Date and ending on the Latest Practicable Date.

4.9 Directors' intentions in relation to the Offer and the Convertible Notes Offer

As at the Latest Practicable Date, Mr Wong Ong Ming Eric and his spouse, Madam Nancy Chong, have informed the Company that they intend to not tender the Shares held by them in acceptance of the Offer.

Mr Wong Ong Ming Eric and Madam Nancy Chong have informed the Company that, notwithstanding Mr Wong concurring with the IFA's opinion and his recommendation to Securityholders to accept the Offer and the Convertible Notes Offer, they do not intend to tender their Shares in acceptance of the Offer due to their own personal investment profiles and objectives, and having regard to the fact that they have held their Shares since the initial public offering of the Shares.

Save for Mr Wong Ong Ming Eric, none of the Directors holds Offer Shares.

5. ARRANGEMENTS WITH DIRECTORS

5.1 Directors' service contracts

As at the Latest Practicable Date, there are no service contracts between any Director or proposed director with the Group which have more than 12 months to run and which cannot be terminated by the Group within the next 12 months without paying any compensation and

there are no such service contracts entered into or amended between any Director or proposed director with the Group during the period commencing six months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.2 Arrangements affecting Directors

As at the Latest Practicable Date:

(i) there are no payments or other benefits to be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;

(ii) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and

(iii) there are no material contracts entered into by the Offeror in which any of the Directors has a material personal interest, whether direct or indirect.

6. MATERIAL CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any material contracts with interested persons[2] (other than those entered into in the ordinary course of business) during the period commencing three years before the Offer Announcement Date and ending on the Latest Practicable Date.

7. MATERIAL LITIGATION

As at the Latest Practicable Date:

(i) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole; and

(ii) the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

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2 As defined in the Note to Rule 24.6 read with the Note on Rule 23.12 of the Code, an interested person is:–

(a) a director, chief executive officer, or substantial shareholder of the Company;

(b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the Company;

(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;

(d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;

(e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or

(f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

8. FINANCIAL INFORMATION

8.1 Consolidated profit and loss account

Certain financial information extracted from the unaudited consolidated profit and loss account of the Group for FY2016 and the audited consolidated profit and loss account of the Group for FY2014 and FY2015 is summarised below. The summary set out below should be read together with the 4Q2016 and FY2016 Results Announcement and the annual reports of the Group for the relevant financial periods and their respective accompanying notes (copies of which are available on the SGX-ST website at www.sgx.com or for inspection at the registered office of the Company during normal office hours for the period during which the Offer and Convertible Notes Offer remain open for acceptance).

	Unaudited 2016 S$'000	**Audited 2015 S$'000**	**Audited 2014 S$'000**
Revenue	**96,751**	94,273	85,666
Other income	**2,264**	6,867	7,775
Other (losses)/gains	**(738)**	989	13,332
Expenses			
– Medical supplies and consumables used	**(15,558)**	(15,170)	(11,492)
– Laboratory and related expenses	**(3,659)**	(3,825)	(6,534)
– Staff costs	**(61,773)**	(59,299)	(56,329)
– Depreciation of property, plant and equipment	**(1,328)**	(1,340)	(1,352)
– Amortisation of intangible assets	**(296)**	(295)	(292)
– Rental on operating leases	**(8,334)**	(8,228)	(8,500)
– Allowance for doubtful trade and other receivables	**(37,391)**	(4,812)	(5,164)
– Reversal of allowance for doubtful trade and other receivables	**176**	441	0
– Impairment of goodwill	**(3,000)**	0	0
– Finance expenses	**(1,332)**	(1,078)	(1,150)
– Other expenses	**(6,122)**	(5,827)	(6,027)
Total expenses	**(138,617)**	(99,433)	(96,840)
(Losses)/Profit before income tax	**(40,340)**	2,696	9,933
Income tax credit/(expense)	**185**	(1,013)	(93)
Total (losses)/profit	**(40,155)**	1,683	9,840

	Unaudited 2016 S$'000	Audited 2015 S$'000	Audited 2014 S$'000
Other comprehensive (losses)/income:			
Items that may be classified subsequently to profit or loss:			
Available-for-sale financial assets			
– Fair value gains/(losses)	**0**	9	(5,020)
– Transfer to profit or loss	**0**	(727)	(13,038)
	0	(718)	(18,058)
Currency translation (losses)/gains arising from consolidation	**(117)**	136	75
Other comprehensive (losses)/income, net of tax	**(117)**	(582)	(17,983)
Total comprehensive (losses)/income	**(40,272)**	1,101	(8,143)
(Losses)/Profit attributable to:			
Equity holders of the Company	**(40,155)**	1,683	9,840
Total comprehensive (losses)/income attributable to:			
Equity holders of the Company	**(40,272)**	1,101	(8,143)
(Losses)/Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic and diluted (losses)/earnings per share	**(1.71)**	0.07	0.43

8.2 Consolidated balance sheets

The unaudited consolidated balance sheets of the Group for FY2016 and the audited consolidated balance sheets of the Group for FY2015 and FY2014 are summarised below. The summary set out below should be read together with the 4Q2016 and FY2016 Results Announcement and the annual reports of the Group for the relevant financial periods and their respective accompanying notes (copies of which are available on the SGX-ST website at www.sgx.com or for inspection at the registered office of the Company during normal office hours for the period during which the Offer and Convertible Notes Offer remain open for acceptance).

	Unaudited 2016 $'000	**Audited 2015 $'000**	**Audited 2014 $'000**
ASSETS			
Current assets			
Cash and cash equivalents	**2,436**	2,884	3,157
Trade and other receivables	**67,665**	81,341	75,260
Inventories	**2,270**	2,290	2,393
Current income tax recoverable	**383**	0	0
Available-for-sale financial assets	**0**	0	756
	72,754	86,515	81,566
Non-current assets			
Other receivables	**1,186**	22,010	20,358
Investments in subsidiaries	**0**	0	0
Property, plant and equipment	**4,999**	5,897	6,031
Intangible assets	**118,833**	121,902	122,197
Deferred tax assets	**0**	18	0
	125,018	149,827	148,586
Total assets	**197,772**	236,342	230,152
LIABILITIES			
Current liabilities			
Trade and other payables	**27,726**	24,326	22,413
Current income tax liabilities	**208**	1,296	365
Borrowings	**10,651**	12,653	12,431
	38,585	38,275	35,209

	Unaudited 2016 $'000	Audited 2015 $'000	Audited 2014 $'000
Non-current liabilities			
Borrowings	**3,006**	5,984	3,748
Deferred income tax liabilities	**25**	0	204
Provisions	**292**	357	366
	3,323	6,341	4,318
Total liabilities	**41,908**	44,616	39,527
NET ASSETS	**155,864**	191,726	190,625
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	**208,214**	204,430	204,430
Treasury shares	**0**	(3,049)	(3,049)
Fair value reserve	**0**	0	718
Capital reserve	**(2,423)**	0	0
Currency translation reserve	**718**	835	699
Accumulated losses	**(50,645)**	(10,490)	(12,173)
Total equity	**155,864**	191,726	190,625

8.3 Material changes in financial position

Save as disclosed in publicly available information on the Company, including the announcement by the Company dated 11 March 2017 relating to its ability to continue as a going concern, there has not been, within the knowledge of the Directors, any other material change in the financial position of the Company since 31 December 2015, being the date to which the last published audited consolidated financial statements of the Group were made up.

8.4 Material changes in information

Save as disclosed in this Circular and save for the information relating to the Company and the Offer and Convertible Notes Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

8.5 Significant accounting policies

The significant accounting policies of the Group are disclosed in Note 2 of the audited consolidated financial statements of the Group for FY2015 as set out in the annual report of the Group for FY2015.

8.6 Changes in accounting policies

Except as disclosed in Section 5 of the 4Q2016 and FY2016 Results Announcement, the Group has applied the same accounting policies and methods of computation in the unaudited consolidated financial statements for FY2016 compared with those for the audited consolidated financial statements for FY2015.

Save as disclosed above and in publicly available information on the Group, as at the Latest Practicable Date (including but not limited to the 4Q2016 and FY2016 Results Announcement):

(i) there are no significant accounting policies or any matter from the notes of the financial statements of the Company which are of any major relevance for the interpretation of the financial statements of the Company; and

(ii) as at the Latest Practicable Date, there is no change in the accounting policy of the Company which will cause the figures disclosed in this Circular not to be comparable to a material extent.

A copy of the annual report of the Group for FY2015 is available on the SGX-ST website at www.sgx.com or for inspection at the registered address of the Company during normal office hours for the period during which the Offer and Convertible Notes Offer remain open for acceptance.

9. GENERAL

9.1 Costs and Expenses

All costs and expenses incurred by the Company in relation to the Offer and the Convertible Notes Offer will be borne by the Company.

9.2 Consents

(a) The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter setting out its advice to the Independent Directors set out in Appendix A of this Circular, the IFA's letter in relation to the Profit Warning Announcement and all references thereto, in the form and context in which they appear in this Circular.

(b) The Auditor has given and has not withdrawn its written consent to the issue of its report in relation to the Profit Warning Announcement and references thereto, in the form and context in which they appear in this Circular.

9.3 Documents available for inspection

Copies of the following documents are available for inspection at the registered office of the Company at 2 Leng Kee Road #06-07 Thye Hong Centre Singapore 159086 during normal business hours for the period during which the Offer remains open for acceptance:

(a) the Constitution;

(b) the IFA Letter;

(c) the Auditor's report on the Profit Warning Announcement as set out in Appendix C to this Circular;

(d) the IFA's report on the Profit Warning Announcement as set out in Appendix D to this Circular; and

(e) the letters of consent referred to in Section 9.2 of this Appendix B.

Healthway Medical Corporation Limited
2 Leng Kee Road
#02-04 Thye Hong Centre
Singapore 159086

Attention: The Board of Directors

14 March 2017

REPORT ON AGREED-UPON PROCEDURES IN RELATION TO THE PROFIT WARNING ANNOUNCEMENT OF HEALTHWAY MEDICAL CORPORATION LIMITED (THE "COMPANY") AND ITS SUBSIDIARIES (THE "GROUP") ISSUED BY THE DIRECTORS OF THE COMPANY ON 15 FEBRUARY 2017 (THE "PROFIT WARNING ANNOUNCEMENT")

On 15 February 2017, the Company issued a press release in relation to the Profit Warning Announcement, which included the following statement:

"The Board of Directors of Healthway Medical Corporation Limited (the "Company" and together with its subsidiaries, the "Group") wishes to inform the shareholders of the Company that the Group expects to record a loss for 4Q2016 and FY2016. The loss is mainly attributable to the significant impairment of certain receivables, as well as goodwill. This announcement is based on a preliminary review of the unaudited management accounts of the Group for 4Q2016 and FY2016. Further details of the Group's financial performance will be disclosed when the unaudited financial results for 4Q2016 and FY2016 are announced on or before 1 March 2017."

In accordance with our engagement letter dated 28 February 2017, we have performed the agreed-upon procedures as set out below on the Profit Warning Announcement as prepared by the management of the Company (the "Management"). The procedures which have been agreed with the Management were performed in connection with Rule 25.3 (a) of the Singapore Code on Take-overs and Mergers issued by the Monetary Authority of Singapore (the "Code").

Our engagement was undertaken in accordance with the Singapore Standard on Related Services 4400 – Engagements to Perform Agreed-Upon Procedures Regarding Financial Information.

The procedures performed are summarised as follows:

(a) Obtained the unaudited consolidated management accounts of the Group for the financial year ended 31 December 2016 (the "Unaudited FY2016 Management Accounts") which includes the unaudited consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2016 (the "Unaudited FY2016 consolidated statement of comprehensive income") from the management of the Company;

(b) Obtained the unaudited consolidated statement of comprehensive income of the Group for the 9 months ended 30 September 2016 (the "Unaudited 3Q2016 consolidated statement of comprehensive income") and unaudited consolidated statement of comprehensive income of the Group for the 3 months ended 31 December 2016 (the "Unaudited 4Q2016 consolidated statement of comprehensive income") from the management of the Company;

(c) Checked the arithmetic accuracy of the Unaudited FY2016 consolidated statement of comprehensive income, Unaudited 3Q2016 consolidated statement of comprehensive income and Unaudited 4Q2016 consolidated statement of comprehensive income;

(d) Deducted the amounts of each line item in the Unaudited 3Q2016 Consolidated Statement of Comprehensive Income from the amounts of the same line item in the Unaudited FY2016 consolidated statement of comprehensive income; and traced the computed amounts of each line item to the Unaudited 4Q2016 consolidated statement of comprehensive income;

(e) Obtained confirmation from management that the accounting policies used to prepare the Unaudited FY2016 Management Accounts is consistent with the accounting policies as set out in the audited consolidated financial statements of the Company for the financial year ended 31 December 2015;

(f) Observed that the Unaudited 4Q2016 consolidated statement of comprehensive income and Unaudited FY2016 consolidated statement of comprehensive income is in a net loss after tax position; and

(g) Observed that an impairment of receivables and goodwill amounting to a total of SGD39.6 million is recorded in the Unaudited 4Q2016 consolidated statement of comprehensive income and Unaudited FY2016 consolidated statement of comprehensive income.

We found no exceptions from performing the procedures.

Because the above procedures do not constitute either an audit or a review made in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements or an assurance engagement made in accordance with Singapore Standards on Assurance Engagements, we do not express any assurance on the Statements of Prospects.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements or had we performed assurance procedures in accordance with Singapore Standards on Assurance Engagements, other matters might have come to our attention that would have been reported to you.

As our work on the Profit Warning Announcement is limited to the above procedures, we make no representations regarding the sufficiency of the procedures for the Company's purpose. We also make no comments as to the Management's determination as to what constitutes appropriate presentations, disclosures or explanations stated in the Profit Warning Announcement. We have not carried out a review of the evidence supporting the assumptions as set out in the Profit Warning Announcement in the capacity as an expert and accordingly do not report on the reasonableness of these assumptions. Furthermore, even if the events anticipated under the Profit Warning Announcement occur, actual results are still likely to be different from the Profit Warning Announcement since other anticipated events frequently do not occur as expected and the variation may be material.

Restriction on Distribution and Use

Our report on agreed-upon procedures in connection with the Profit Warning Announcement has been undertaken solely for the purpose of reporting to the Directors of the Company for the purpose of meeting regulatory requirements applicable under the Code, and is not intended to be used or relied on for any other purpose. We accept no liability or responsibility to any other party to whom this report is disclosed or otherwise made available to. This report relates solely to the stated purpose and does not extend to the financial statements of the Company taken as a whole.

Yours faithfully

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

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PROVENANCE CAPITAL PTE. LTD.
(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

14 March 2017

To: The Directors of Healthway Medical Corporation Limited
(deemed to be independent in respect of the Offer)

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

Dear Sirs,

VOLUNTARY CONDITIONAL CASH OFFER BY GENTLE CARE PTE. LTD.

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company ("**Shareholders**") dated 14 March 2017 ("**Circular**").*

This letter is prepared for inclusion in the Circular dated 14 March 2017 issued by Healthway Medical Corporation Limited ("**Company**") to its Shareholders in relation to the voluntary conditional cash offer ("**Offer**") by RHB Securities Singapore Pte. Ltd. ("**RHBSEC**") announced, for and on behalf of Gentle Care Pte. Ltd. ("**Offeror**"), for all the issued and paid-up ordinary shares ("**Shares**") 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 Shares**") in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers ("**Code**").

The extracted statement of prospects below was issued by the Company on 15 February 2017 in connection with the Company's unaudited financial results for the fourth quarter ended 31 December 2016 and financial year ended 31 December 2016 ("**Profit Warning Statement**"):

> *"…the Group expects to record a loss for 4Q2016 and FY2016. The loss is mainly attributable to the significant impairment of certain receivables, as well as goodwill…."*

We have discussed the key bases and assumptions underlying the Profit Warning Statement with the management of the Company as reproduced in Appendix F of the Circular. We have also considered the letter dated 14 March 2017 addressed to the Board by PricewaterhouseCoopers LLP, the auditors of the Company, in relation to its review of the Profit Warning Statement.

We have relied on the accuracy and completeness of all financial and other information discussed with us and assumed such accuracy and completeness for the purposes of providing this letter. We have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have not undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Company or the Group. Save as provided in this letter, we do not express any other opinion on the Profit Warning Statement.

Based on the above discussions with the management of the Company and having considered the letter dated 14 March 2017 from PricewaterhouseCoopers LLP in relation to the Profit Warning Statement, we are of the view that the Profit Warning Statement (for which the Directors are solely responsible) had been issued by the Board after due and careful enquiry.

This letter is addressed to the Board for the sole purpose of complying with Rule 25 of The Singapore Code on Take-overs and Mergers, and we do not accept any responsibility to any other person (other than the Board) in respect of, arising from or in connection with this letter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

APPENDIX E: RELEVANT PROVISIONS OF THE CONSTITUTION OF THE COMPANY

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Constitution, the relevant provisions of which are set out below:

Please see the definitions in the Constitution for terms used in the reproduced in the extract below.

Rights in respect of capital

ISSUE OF SHARES

4. Subject to the Act and these Articles, no shares may be issued by the Directors without the prior sanction of an ordinary resolution of the Company in general meeting but subject thereto and to Article 47, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors.

5. (1) Preference shares may be issued subject to such limitations thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in the Memorandum of Association or these Articles. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.

(2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

6. The Company shall not exercise any rights in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

VARIATION OF RIGHTS

7. (1) If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. To every such separate general meeting, the provisions of

these Articles relating to general meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting.

(2) The repayment of preference capital other than redeemable preference or any other alteration of preference shareholder rights may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.

8. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

SHARES

9. Unless otherwise specified or restricted by law, the Company may pay commissions or brokerage on any issue or purchase of its shares, or sale, disposal or transfer of treasury shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares, or partly in one way and partly in the other.

10. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.

11. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.

12. No person shall be recognised by the Company as having title to a fractional part of a share otherwise than as the sole or a joint holder of the entirety of such share.

13. If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.

SHARE CERTIFICATES

14. The certificate of title to shares or debentures in the capital of the Company shall be issued under the seal in such form as the Directors shall from time to time prescribe and may bear the autographic or facsimile signatures of at least two (2) Directors, or of one (i) Director and the Secretary or some other person appointed by the Directors in place of the Secretary for the purpose, and shall specify the number and class of shares to which it relates, the amounts paid thereon, the amount (if any) unpaid on the shares and the extent to which the shares are paid up. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the auditors of the Company.

15. (1) The Company shall not be bound to register more than three (3) persons as the joint holders of any share except In the case of executors, trustees or administrators of the estate of a deceased Member.

(2) If two (2) or more persons are registered as joint holders of any share any one of such persons may give effectual receipts for any dividend payable in respect of such share and the joint holders of a share shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such shares.

(3) Only the person whose name stands first in the Register of Members as one (1) of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders. Only the person whose name stands first in the Depository Register shall be entitled to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.

16. (1) Shares must be allotted and certificates despatched within ten (10) market days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within ten (10) market days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and

a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding S$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) for each such new certificate as the Directors may determine. Where the member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

(2) The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may be) unclaimed after a period of six (6) years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so shall be dealt with in accordance with Articles 37, 40, 41, 45 and 46, mutatis mutandis.

17. (1) Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

(2) When any shares under the powers in these Articles herein contained are sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

TRANSFER OF SHARES

18. Subject to these Articles, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must be in writing and in the form for the time being approved by the Directors and the Exchange. Shares of different classes shall not be comprised in the same instrument of transfer. The Company shall accept for registration transfers in the form approved by the Exchange.

19. The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository shall not be ineffective by reason of it not being signed or witnessed for by or on behalf of the Depository. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.

20. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

21. (1) Subject to these Articles, there shall be no restriction on the transfer of fully paid up shares except where required by law or by the rules, bye-Jaws or listing rules of the Exchange but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Act and the listing rules of the Exchange.

(2) The Directors may decline to register any instrument of transfer unless:–

(i) such fee not exceeding S$2 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) as the Directors may from time to time require, is paid to the Company in respect thereof;

(ii) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors appoint accompanied by a certificate of payment of stamp duty (if any is payable), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(iii) the instrument of transfer is in respect of only one (1) class of shares.

22. (1) All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.

(2) Subject to any legal requirements to the contrary, the Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six (6) years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six (6) years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six (6) years from the date of the cancellation thereof and it shall be conclusively presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was

a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided that:–

(i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

(ii) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any circumstances which would not attach to the Company in the absence of this Article; and

(iii) references herein to the destruction of any document include references to the disposal thereof in any manner.

23. The Register of Members and the Depository Register may be closed at such times and for such period as the Directors may from time to time determine, provided always that the Registers shall not be closed for more than thirty days in the aggregate in any year. Provided always that the Company shall give prior notice of such closure as may be required to the Exchange, stating the period and purpose or purposes for which the closure is made.

24. (1) Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

(2) Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

TRANSMISSION OF SHARES

25. (1) In case of the death of a registered shareholder, the survivor or survivors, where the deceased was a joint holder, and the legal representatives of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein shall release the estate of a deceased registered shareholder (whether sole or joint) from any liability in respect of any share held by him.

(2) In the case of the death of a Depositor, the survivor or survivors, where the deceased was a joint holder, and the legal personal representatives of the deceased, where he was a sole holder and where such legal representatives are entered in the Depository Register in respect of any shares of the deceased, shall be the only persons recognised by the Company as having any title to his interests in the share; but nothing herein contained shall release the estate of a deceased Depositor (whether sole or joint) from any liability in respect of any share held by him.

26. (1) Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member or by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share may, upon producing such evidence of title as the Directors shall require, be registered himself as holder of the share upon giving to the Company notice in writing or transfer such share to some other person. If the person so becoming entitled shall elect to be registered himself, he shall send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member. The Directors shall have, in respect of a transfer so executed, the same power of refusing registration as if the event upon which the transmission took place had not occurred, and the transfer were a transfer executed by the person from whom the title by transmission is derived.

(2) The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, (as the case may be), entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within sixty (60) days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

27. A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of it to receive notices of or to attend or vote at meetings of the Company, or, save as aforesaid, to exercise any of the rights or privileges of a Member, unless and until he shall become registered as a shareholder or have his name entered in the Depository Register as a Depositor in respect of the share.

28. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share, such fee not exceeding S$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require or prescribe.

CALL ON SHARES

29. The Directors may from time to time make such calls as they think fit upon the Members in respect of any money unpaid on their shares and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

30. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

31. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding eight (8) per cent per annum as the Directors determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

32. Any sum which by the terms of issue and allotment of a share becomes payable upon allotment or at any fixed date shall for all purposes of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of the Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

33. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payments.

34. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding without the sanction of the Company in general meeting eight (8) per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.

FORFEITURE AND LIEN

35. If any Member fails to pay in full any call or instalment of a call on or before the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest and expense which may have accrued by reason of such non-payment.

36. The notice shall name a further day (not being less than seven (7) days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited.

37. If the requirements of any such notice as aforesaid are not complied with any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Act given or imposed in the case of past Members. The Directors may accept a surrender of any share liable to be forfeited hereunder.

38. When any share has been forfeited in accordance with these Articles, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or in the Depository Register (as the case may be) opposite to the share; but the provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

39. Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.

40. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid.

41. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at eight (8) per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.

42. The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all unpaid calls and instalments due on any such share and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or instalments are due and unpaid and to such amounts as the Company may be called upon by law to pay in respect of the shares

of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.

43. *No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).*

44. *The Directors may sell in such manner as the Directors think fit any share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of seven (7) days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the Member for the time being in relation to the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.*

45. *The net proceeds of sale, whether of a share forfeited by the Company or of a share over which the Company has a lien, after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid call and accrued interest and expenses and the residue (if any) paid to the Member entitled to the share at the time of sale or his executors, administrators or assigns or as he may direct.*

46. *A statutory declaration in writing by a Director of the Company that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under seal for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share or (as the case may be) in the Depository Register in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share.*

ALTERATION OF CAPITAL

47. *Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of these Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.*

48. (1) Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall before issue be offered to the Members in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

(2) Notwithstanding Article 48(1) above but subject to the Act and the byelaws and listing rules of the Exchange, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:

(i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant Instruments; and/or

(iii) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;

provided that:

(a) the aggregate number of shares or Instruments to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits prescribed by the Exchange;

(b) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the listing rules for the time being in force (unless such compliance is waived by the Exchange) and the Articles; and

(c) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the ordinary resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

(3) Notwithstanding Article 48(1) above but subject to the Act, the Directors shall not be required to offer any new shares to members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but may sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

49. Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original ordinary capital of the Company and shall be subject to the provisions of these Articles with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

50. (1) The Company may by ordinary resolution alter its share capital in the manner permitted under the Act including without limitation:–

(i) consolidate and divide all or any of its shares;

(ii) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Act;

(iii) subdivide its shares or any of them (subject to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(iv) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.

(2) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

51. The Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject toady [sic] requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

STOCK

52. The Company may by ordinary resolution convert any or all it's [sic] paid up shares into stock and may from time to time by resolution reconvert any stock into paid up shares of any denomination.

53. The holders of stock may transfer the same or any part thereof in the same manner and subject to these Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine.

54. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such number of stock units which would not if existing in shares have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

*55. All provisions of these Articles applicable to paid up shares shall apply to stock and the words **share** and **shareholder** or similar expression herein shall include **stock** or **stockholder**.*

Rights in respect of voting

GENERAL MEETINGS

56. (1) Subject to the provisions of the Act, the Company shall in each year hold a general meeting in addition to any other meetings in that year to be called the Annual General Meeting, and not more than fifteen (15) months shall elapse between the date of one (1) Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Directors shall appoint.

(2) All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

57. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

58. (A) (1) Subject to the provisions of the Act as to the calling of meetings at short notice, at least fourteen (14) clear days' notice in writing of every general meeting shall be given in the manner hereinafter mentioned to all members and such persons (including the auditors) as are under the provisions herein contained entitled to receive notice from the Company and at least fourteen (14) clear days' notice of every such meeting shall be given by advertisement in the daily press and in writing to the Exchange and any other stock exchange on which the Company is

listed. Where notices contain special resolutions, they must be given to members and such persons entitled to receive the notice at least twenty-one (21) clear days before the general meeting. Provided that a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:–

(a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and

(b) in the case of an extraordinary general meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total voting rights of all members having a right to vote at that meeting,

(2) The accidental omission to give notice to, or the non-receipt by any person entitled thereto shall not invalidate the proceedings at any general meeting.

(B) (1) Every notice calling a general meeting shall specify the place, day and hour of the general meeting and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of the Company.

(2) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

(3) In the case of any general meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a special resolution or as requiring special notice, the notice shall contain a statement to that effect.

59. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:–

(a) declaring dividends;

(b) receiving and adopting the accounts, the reports of the Directors and auditors and other documents required to be attached or annexed to the accounts;

(c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;

(d) re-appointing the retiring auditors (unless they were last appointed otherwise than by the Company in general meeting);

(e) fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed; and

(f) fixing the remuneration of the Directors proposed to be paid under Article 86.

Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

PROCEEDINGS AT GENERAL MEETINGS

60. No business shall be transacted at any general meeting unless a quorum is present at the time the meeting proceeds to business. Save as herein otherwise provided, two (2) Members present in person shall form a quorum. For the purpose of this Article, Member includes a person attending by proxy or by attorney or by a corporate representative in the case of a corporation which has appointed a corporate representative. Provided that (i) a proxy representing more than one (1) Member shall only count as one (1) Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one (1) proxy such proxies shall count as only one (1) Member for the purpose of determining the quorum.

61. If within half an hour from the time appointed for the general meeting a quorum is not present, the general meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at such adjourned general meeting a quorum is not present within half an hour from the time appointed for holding the general meeting, the general meeting shall be dissolved.

62. Subject to the Act, a resolution in writing signed by every Member of the Company entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an ordinary resolution of the Company passed at a general meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one (1) or more of such Members.

63. The Chairman of the Board of Directors or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every general meeting. If there is no such Chairman or Deputy Chairman or if at any general meeting he is not present within fifteen minutes after the time appointed for holding the general meeting or is unwilling to act, the Directors present shall choose a Director amongst them to be Chairman of the general meeting or, if no Director is present or if all the Directors present are unwilling to take the Chair, or otherwise fail to choose a Director amongst them to be Chairman of the meeting, the Members present shall choose a Member present to be Chairman.

64. The Chairman may, with the consent of any general meeting at which a quorum is present (and shall if so directed by the general meeting), adjourn the general meeting from time to time and from place to place, but no business shall be transacted at any adjourned general meeting except business which might lawfully have been transacted at the general meeting from which the adjournment took place. When a general meeting is adjourned for fourteen (14) days or more, notice of the adjourned general meeting shall be given as in the case of the original general meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.

65. At any general meeting a resolution put to the vote of the general meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:–

(i) by the Chairman of the general meeting; or

(ii) by at least five (5) Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative and entitled to vote thereat; or

(iii) by any Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than ten per cent (10%) of the total voting rights of all the Members having the right to vote at the general meeting; or

(iv) by a Member or Members present in person or by proxy (where a Member has appointed more than one (1) proxy, any one (1) of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing shares in the Company conferring a right to vote at the general meeting being shares on which an aggregate sum has been paid up equal to not less than ten per cent (10%) of the total sum paid up on all the shares (excluding treasury shares) conferring that right.

Provided always that no poll shall be demanded on the election of a Chairman or on a question of adjournment. Unless a poll is so demanded (and the demand is not withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.

66. If a poll is duly demanded (and the demand is not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the general meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

67. If any votes are counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same general meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman be of sufficient magnitude.

68. Subject to the Act and the requirements of the Exchange, in the case of equality of votes, whether on a show of hands or on a poll, the Chairman of the general meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as a Member or as proxy of a Member.

69. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the general meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.

70. The demand for a poll shall not prevent the continuance of a general meeting for the transaction of any business, other than the question on which the poll has been demanded.

VOTES OF MEMBERS

71. (1) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Article 6, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

(2) On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one (1) vote provided that if a Member is represented by two (2) proxies, only one of the proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands and on a poll, every Member who is present in person or by proxy, attorney or representative shall have one (1) vote for each share which he holds or represents.

*(3) Notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than forty-eight (48) hours before the time of the relevant general meeting (the **cut-off time**) as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two (2) proxies, to apportion the said number of shares between the two (2) proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.*

72. Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

73. If a Member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight (48) hours before the time appointed for holding the meeting.

74. Subject to the provisions of these Articles, every Member either personally or by proxy or by attorney or in the case of a corporation by a representative shall be entitled to be present and to vote at any general meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum.

75. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

76. On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

77. (1) Unless otherwise provided by the Act, a Member may appoint not more than two (2) proxies to attend and vote at the same general meeting.

(2) If the Member is a Depositor, the Company shall be entitled:–

(i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered in its Securities Account as at the cut-off time as certified by the Depository to the Company; and

(ii) to accept as validly cast by the proxy or proxies appointed by the Depositor on a poll that number of votes which corresponds to or is less than the aggregate number of shares entered in its Securities Account of that Depositor as at the cut-off time as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(3) Where a Member appoints more than one (1) proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

(4) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the member personally or by his attorney, or in the case of a corporation by its representative.

(5) Where a Member appoints a proxy in respect of more shares than the shares standing to his name in the Register of Members or, in the case of a Depositor, standing to the credit of that Depositor's Securities Account as at the cut-off time as certified by the Depository to the Company, such proxy may not exercise any of the votes or rights of the shares not registered in the name of that Member in the Register of Members or standing to the credit of that Depositor's Securities Account as at the cut-off time, as the case may be.

(6) If the Chairman is appointed as proxy, he may authorise any other person to act as proxy in his stead. Where the Chairman has authorised another person to act as proxy, such other person shall be taken to represent all Members whom the Chairman represented as proxy.

(7) Where a person present at a general meeting represents by proxy, attorney or representative more than one (1) Member on a show of hands:

(i) the person is entitled to one (1) vote only despite the number of Members the person represents; and

(ii) that vote will be taken as having been cast for all the Members the person represents; and

(iii) if the person has been appointed as a proxy under two (2) or more instruments that specify different ways to vote on a resolution, the person may not vote as a proxy on a show of hands, however, if the person is a Member, the person may vote on a show of hands without regard to the proxies the person holds.

78. A proxy or attorney need not be a Member, and shall be entitled to vote on a show of hands on any question at any general meeting.

79. (1) Any instrument appointing a proxy shall be in writing in the common form or any other form approved by the Directors executed under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, executed under seal or under the hand of its attorney duly authorised or in such manner as appropriate under applicable laws and the Company shall accept as valid in all respects the form of proxy approved by the Directors for use at the date relevant to the general meeting in question.

(2) An instrument of proxy shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer to move any resolution or amendment thereto and to speak at the meeting. Unless otherwise instructed, a proxy or an attorney shall vote as he thinks fit. The signature on an instrument appointing a proxy need not be witnessed.

80. The original instrument appointing a proxy, together with the original power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the original instrument of proxy and must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the meeting not less than forty-eight (48) hours before the time appointed for the holding of the meeting or

adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used failing which the instrument may be treated as invalid. An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, provided that an instrument of proxy relating to more than one (1) meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

81. A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.

81A. Subject to these Articles and the Act, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

82. Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company. The Company shall be entitled to treat an original certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Article.

Rights in respect of dividends

DIVIDENDS AND RESERVES

123. The Directors may, with the sanction of the Company, by ordinary resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company.

124. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise provided by the Act:

(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

125. Without the need for sanction of the Company under Article 123, if, and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may pay fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and may also from time to time pay to the holders of any class of shares interim dividends thereon of such amounts and on such dates as they may think fit.

126. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

127. The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith, or any other account which the Company is required by law to withhold or deduct.

128. The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

129. The Directors may retain the dividends payable on shares in respect of which any person is under these Articles, as to the transmission of shares, entitled to become a Member, or which any person under these Articles is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

130. (1) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depositor returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable.

(2) A payment by the Company to the Depositor of any dividend or other money payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

131. The Company may, upon the recommendation of the Directors, by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways, and the Directors shall give effect to such Resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

132. (1) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:

(i) the basis of any such allotment shall be determined by the Directors;

(ii) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such election or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;

(iii) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion;

(iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the elected ordinary shares) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 136, the Directors shall (a) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution

to and among the holders of the elected ordinary shares on such basis or (b) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

(2) (i) The ordinary shares allotted pursuant to the provisions of Article 132(1) shall rank pari passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

(ii) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of Article 132(1), with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these Articles, provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned).

(3) The Directors may, on any occasion when they resolve as provided in Article 132(1), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.

(4) The Directors may, on any occasion when they resolve as provided in Article 132(1), further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register are outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

(5) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of Article 132(1) in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of Article 132(1).

133. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such persons may by writing direct provided that where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment. Every such cheque and warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque and warrant shall be sent at the risk of the person entitled to the money represented thereby.

134. A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.

135. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund, any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it not prudent to divide.

CAPITALISATION OF PROFITS AND RESERVES

136. (1) The Directors may, with the sanction of an ordinary resolution of the Company (including any ordinary resolution passed pursuant to Article 48(2):

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:

(i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an ordinary resolution passed pursuant to Article 48(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and

(b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:

(i) the date of the ordinary resolution(or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an ordinary resolution passed pursuant to Article 48(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(2) In addition and without prejudice to the powers provided for by Article 136(1) and 137, the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up such shares in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in general meeting and on such terms as the Directors shall think fit.

137. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation with full power to the Directors to make such provision for the satisfaction of the right of the holders of such shares in the Register of Members or in the Depository Register as the case may be and as they think fit for any fractional entitlements which would arise including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned. The Directors may authorise any person to enter, on behalf of all the members interested, into an agreement with the Company providing for any such capitalisation and matters incidental thereto, and any agreement made under such authority shall be effective and binding on all concerned.

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APPENDIX F: STATEMENT OF PROSPECTS

1. STATEMENT OF PROSPECTS

Profit Warning Announcement

The following statement set out in *italics* below (the "**Statement of Prospects**") was made in the announcement released by the Company on 15 February 2017 concerning its profit warning for 4Q2016 and FY2016:

"*The Board of Directors of Healthway Medical Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to inform the shareholders of the Company that the Group expects to record a loss for 4Q2016 and FY2016. The loss is mainly attributable to the significant impairment of certain receivables, as well as goodwill.*"

2. ASSUMPTIONS

2.1 The Statement of Prospects, for which the Directors are solely responsible, was not made in connection with the Offer. The Statement of Prospects was made on bases consistent with the accounting policies normally adopted by the Group.

2.2 The Statement of Prospects was prepared based on the following assumptions and/or information available as at 15 February 2017, being the date which the Statement of Prospects was made:

(a) There will be no significant changes in existing political, economic, legal or regulatory conditions affecting the activities of the Group, the industry and the countries in which the Group operates.

(b) There will be no significant changes to the Group structure, management and the existing principal activities of the Group.

(c) There will be no material changes in the competitive environment in which the Group operates.

(d) There will be no material changes in the accounting policies of the Group.

(e) There will be no significant changes in inflation rates.

(f) There will be no material changes in applicable accounting standards, which may adversely affect the results of the Group.

(g) There will be no material changes in the prevailing foreign currency exchange rates that will adversely affect the Group's results.

(h) Save for the material impairment of receivables and goodwill, there will be no material impairment charge against the carrying value of the Group's assets or inventory holding.

(i) There will be no major disposals of the Group's subsidiaries, and property, plant and equipment.

(j) There will be no major acquisitions of assets by the Group, save for those acquisitions carried out in the ordinary course of business, and to exercise or procure the exercise of the HME Option.

(k) There will be no material exceptional item or expense item.

(l) There will be no material changes in the existing employment benefits and incentive scheme of the Group.

(m) No material fair value changes are expected for the Group's financial instruments.

(n) There will be no adverse changes to the tax legislations of the countries in which the Group has operations.

(o) There will be no legal litigation that results in claims against the Group which has not been duly provided for.

(p) The major cost components of the Group comprise of direct drug costs, rental costs, marketing and selling expenses, staff costs and other overheads. It is assumed that there will be no material change in the cost structure of the Group and the prevailing market trends which may materially affect the cost structure of the Group.