

INTERNATIONAL HEALTHWAY CORPORATION LIMITED

Registration No.: 201304341E
(Incorporated in the Republic of Singapore)
(In receivership over charged shares in certain subsidiaries)



CLARIFICATION ANNOUNCEMENT ON THE OPEN LETTER SENT TO INTERNATIONAL HEALTHWAY CORPORATION LIMITED AND THE NEWS ARTICLE PUBLISHED BY THE STRAITS TIMES

Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings as ascribed to them in the circular dated 30 December 2016 and the Company's announcements dated 24 December 2016 and 29 December 2016 in relation to, inter alia, calling of the New EGM to be held on 23 January 2017.

The Board of Directors (the "**Board**") of International Healthway Corporation Limited (the "**Company**" or "**IHC**") refers to the open letter sent to the Company by Quarz Capital Management, Ltd. ("**Quarz**") dated 13 January 2017 (the "**Open Letter**") and the news article titled "*Activist investor targets International Healthway*" published by the Straits Times on 14 January 2017 (the "**Article**"). The Article referred to the Open Letter and stated, *inter alia*, that:

1. IHC's development projects have all been substantially delayed with no committed execution timeline;
2. Quarz expressed "surprise" at the lack of active steps taken by the IHC management to stop destroying shareholder value "despite the multiple levers at their disposal", and said it will vote to replace the entire board at an extraordinary general meeting on Jan 23.

The Board would like to clarify as follows:

The Requisitioning Members are seeking to change control of the Company by removing all of the present members of the Board citing the "*worrying performance and developments of the Company*". This is not accurate and will not be in the best interest of the Company for the following reasons:

1. Many of the issues faced by the Company surfaced before 2016. The appointments of the present Board members were all in 2016. Mr Alviedo Rodolfo Jr San Miguel, joined 4 days before the Requisition Notice was received.
2. Several of the Company's lenders have expressed concern over the Requisitioning Members' move. Their continuing support is crucial to the Company's financial wellbeing.
3. Since their appointments in 2016, the Board has progressed as a cohesive team; working closely with management to address the many issues that have surfaced. Some of these initiatives had already been announced. The Board's continuity is crucial to the eventual execution of the various strategies that the Company has embarked on. The replacement of the Board with three new directors would cause serious disruptions as they will need time to familiarise, understand and evaluate the Company's various ongoing efforts leading to possible adverse consequences. It is apparent from their business plans as disclosed in the recent circular to the shareholders, these new directors have scant appreciation of the issues that the Company is facing.
4. The various possibilities that Quarz had opined are not new to the Board. A number of them are unfortunately academic solutions. The practical realities are that some will take time and resources to implement. The Board is already working on these possibilities and where necessary,

the appropriate announcements will be made. Quarz's view that the new board will be able to implement these possibilities are at best speculative and clearly divergent from the details as disclosed in their business plans.

5. The Board emphasises that, at this critical stage, it is imperative that the existing business partners and financial supporters of the Company be assured of continuity. Any disruptions to these efforts may adversely affect the Company's ability to address the various issues that it faces, which in turn may trigger negative consequences detrimental to the Company. Shareholders should vote for continuity.

The Board wishes to thank its shareholders for their patience.

By Order of the Board

Lim Beng Choo
Executive Director
18 January 2017

*This announcement has been prepared by International Healthway Corporation Limited (the “**Company**”) and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

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