HEALTHWAY MEDICAL CORPORATION LIMITED
Registration No.: 200708625C

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

- STATUS UPDATE

1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of Healthway Medical Corporation Limited (the "**Company**") refers to the announcements dated 19 June 2015, 1 July 2015, 3 September 2015, 16 September 2015, 21 September 2015, 30 December 2015 and 23 February 2016 respectively in relation to the proposed acquisition by International Healthway Corporation Limited ("**IHC**") of all the issued and paid-up ordinary shares in the capital of the Company (the "**Shares**") by way of a scheme of arrangement (the "**Scheme**") under Section 210 of the Companies Act, Chapter 50 of Singapore and in accordance with the Singapore Code on Take-overs and Mergers.

2. STATUS UPDATE

The Board wishes to announce that the Company has received a written notice from IHC that certain funds (i.e. Enterprise Fund III Ltd, Value Monetization III Ltd and VMF3 Ltd) which have extended loan facilities to IHC and IHC Medical Re Pte Ltd, have appointed receivers over the entire issued share capital of IHC's wholly-owned investment holding subsidiaries (i) IHC Medical Re Pte Ltd, (ii) IHC Management Pte Ltd and (iii) IHC Management (Australia) Pty Ltd, giving rise to an event under Clause 3.6 of the implementation agreement dated 19 June 2015 between IHC and the Company (as amended by the first supplemental agreement dated 3 September 2015, the second supplemental agreement dated 21 September 2015 and third supplemental agreement dated 30 December 2015) (the "**Implementation Agreement**"). Please refer to the SGXNET announcements of IHC on 3 May 2016 and 6 May 2016 regarding this matter.

In this connection, Clause 3.6 of the Implementation Agreement stipulates that:

"Notice of Changes. Each Party must promptly advise the other Parties in writing of any change or event causing, or which, insofar as can reasonably be foreseen, would cause:

(a) a representation or warranty provided in this Agreement to be untrue or inaccurate;

(b) a reasonable likelihood that it would not be able to perform and comply with its obligations under this Agreement; or

(c) a Prescribed Occurrence relating to it or its subsidiaries (where applicable)."

Under the Implementation Agreement, the Scheme is subject to the fulfilment of the respective conditions precedent set out in paragraph 4.1 of the Company's announcement on 19 June 2015. At the date of this Announcement, the conditions precedent under the Implementation Agreement have not been fulfilled and the long stop date for such fulfilment will fall on 30 June 2016. In light of the written notice served by IHC pursuant to Clause 3.6 of the Implementation Agreement, the Board has no intention to extend the long stop date when it falls due on 30 June 2016.

The Company will update Shareholders of further development of the Scheme, when appropriate.

3. RESPONSIBILITY STATEMENT

The Directors (including those who have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that there are no material facts not contained in this announcement, the omission of which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement.

Shareholders of the Company are advised to exercise caution when trading in shares of the Company. When in doubt as to the action they should take, shareholders should consult their financial, tax or other advisors.

By Order of the Board

Wong Yee Kong Andrew
President
24 May 2016

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income At Raffles, Singapore 049318, telephone (65) 6229 8088.