



**SALES OF AUSTRALIAN PROPERTIES
APPOINTMENT OF RECEIVERS OVER CERTAIN SUBSIDIARIES OF THE COMPANY –
STATUS UPDATE**

*Unless otherwise defined, capitalised terms herein shall have the same meaning as ascribed to them in the Company’s announcements dated 3 May 2016, 6 May 2016, 8 July 2016, 8 August 2016 and 15 August 2016 (the “**Announcements**”), in relation to, inter alia, the appointment of receivers over certain subsidiaries of the Company.*

The Board of Directors (the “**Board**”) of International Healthway Corporation Limited (the “**Company**”) refers to the Announcements and wishes to update as follows:

Summary of ongoing action against Crest Funds and Crest Receivers

1. The Company has commenced the following proceedings in the High Court of Singapore:
 - (a) HC/S 441/2016 - The Company has commenced proceedings against a number of creditor funds and their fund managers (the “**Crest Funds**”) and the receivers appointed by Crest Funds (the “**Crest Receivers**”) to dispute the validity of the appointment of the Crest Receivers. The Crest Receivers were appointed over the Company’s shares in IHC Medical Re Pte Ltd, IHC Management Pte Ltd and IHC Management Pty Ltd (the “**Affected Subsidiaries**”). Details of HC/S 441/2016 were announced by the Company on 3 May 2016.
 - (b) HC/CWU 113/2016 and HC/CWU 126/2016 - Winding-up applications commenced by the Company against IHC Medical Re Pte Ltd and IHC Management Pte Ltd to safeguard the Company’s interest as a creditor. Details of HC/CWU 113/2016 and HC/CWU 126/2016 were announced by the Company on 2 June 2016 and 29 June 2016 respectively.
2. The Crest Funds have commenced injunction proceedings in the High Court of Singapore on the following matter:
 - (a) HC/S 856/2016 - The Crest Funds commenced, inter alia, injunction proceedings against the Company, the Affected Subsidiaries and the Company’s officers under HC/S 856/2016, and had obtained certain injunction orders on 8 August 2016 (the “**Injunction Order**”). Details of HC/S 856/2016 and the Injunction Order were announced on 15 August 2016.
3. Further to the Injunction Order made by the Court transferring control of the Affected Subsidiaries to the Crest Funds, the Company has applied to Court for orders to, *inter alia*,:
 - (a) set aside the Injunction Order; or
 - (b) alternatively, fortify the Crest Funds’ undertaking to pay damages in the event the Injunction Order is eventually lifted at the conclusion of HC/S 856/2016, through the provision of a banker’s guarantee in favour of the Company; and further,

- (c) prevent the disbursement of the proceeds of sale of the Australian Properties to the Crest Funds and/or their nominees,
4. The application was heard in part on 23 August 2016 and was adjourned to 11 October 2016 for the Crest Funds to file further affidavits.

Sale of Australian Properties

5. The Company, through the Affected Subsidiaries, is the ultimate beneficial owner and managers of three properties in Australia (553 St Kilda Road, 541 St Kilda Road, and 73-79 Little Ryrie Street, Geelong – collectively, the “**Australian Properties**”). The Australian Properties are mortgaged to Westpac Banking Corporation (“**Westpac**”), Qualitas Real Estate Finance Pty Ltd (“**Qualitas**”), and the National Australian Bank (“**NAB**”) (collectively, the “**Australia Lenders**”) as follows:
- (a) Loan of AUD44,300,000 from Westpac and AUD7,575,000 from Qualitas, secured against the two St Kilda Road properties; and
 - (b) Loan of AUD16,250,000 from NAB, secured against the Geelong property.
6. The total fair value of the Australian Properties is SGD117,145,000¹ (approximately AUD114.5 million based on an exchange rate of SGD1 : AUD 0.977), a sum well in excess of the outstanding amounts of AUD68.125 million currently owed to NAB, Qualitas and Westpac.
7. As a result of actions taken by the Crest Funds against the Company on 8 August 2016, NAB and Westpac had on 25 and 26 August 2016 respectively appointed the Australian Receivers over the Geelong property and the two St Kilda Road properties.
8. Prior to the appointment of receivers and managers by Westpac and NAB (the “**Westpac Receivers**” and the “**NAB Receivers**” respectively) over the Australian Properties, the Company’s negotiations for the sale of the two St Kilda Road properties to two separate independent third parties were at advanced stages. The proposed gross sale price of the two St Kilda Road properties aggregated AUD104.25 million, which exceeds the combined total fair value of the said properties at SGD89.81 million¹ and represents a substantial gain over the original purchase prices paid by the Company. Westpac and Qualitas had been kept informed of these two sale negotiations. To the best of the Company’s knowledge, the Westpac Receivers intend to proceed with the proposed sales of the two St Kilda Road properties.
9. **The appointments of the Westpac Receivers and the NAB Receivers are a consequence of the disputed appointment of the Crest Receivers.** Accordingly, the Australian Lenders sought to preserve their interest[s] in the Australian Properties by appointing receivers and managers so as to procure the fair-value sale of the Australia Properties in a more transparent manner.
10. Details of events leading up to the appointments of the Westpac Receivers and the NAB Receivers have been detailed in past announcements by the Company. The key events are summarised as follows:
- (a) On or around 15 April 2016, the Crest Receivers lodged caveats over the Australian Properties claiming an interest in the Australian Properties. As there was no legal basis to lodge the caveats, the Company applied to the Supreme Court of Victoria in Melbourne to lift these caveats. On 13 July 2016, the Crest Receivers voluntarily and unconditionally withdrew the

¹ As set out in the published financial statements for the financial year ended 31 December 2015

caveats, a day before the hearing of the applications, and were ordered by the Australian court to pay costs on an indemnity basis.

- (b) Notwithstanding that the caveats were withdrawn, the unlawful caveats placed by the Crest Receivers on the Australian Properties had alarmed the Secured Australia Lenders.
- (c) By resolutions dated 11 and 12 July 2016, the Crest Receivers appointed Chan Pee Teck Peter and Tan Yang Hwee as directors of the Affected Subsidiaries. Details relating to these appointments are set out in the Company's announcement dated 8 August 2016.
- (d) As a consequence of the Crest Receivers' control over the Affected Subsidiaries, the confusion and anxieties caused by the disputed appointment of the Crest Receivers, and the unlawful caveats filed, the Australian Trustee (being the registered proprietor of the Australian Properties) had difficulties in executing the sales of the two St Kilda Road properties that were being negotiated.
- (e) Further to the appointment of receivers by Westpac on the St Kilda Road properties, interest payments from the rental income of these properties to Qualitas, the subordinated lender, has been curtailed. As IHC is a corporate guarantor for the Qualitas facility, it has received a notice of event of default from Qualitas on 13 September 2016 in this regard.

The Company is of the view that there been no material change in its financial interests in the Australian Properties. All rightful obligations due to the Australian Lenders will be settled after the sale of the Australian Properties. Any attempts to divert any residual proceeds to any claims by the Crest Receivers have been and will continue to be challenged until the Crest Funds are able to prove their claims. It should be noted that to date, the Crest Funds have not filed any specific claims against the Company other than to appoint the Crest Receivers. As stated above, the Company is of the view that the Crest Receivers have been appointed wrongfully.

Application for the appointment of provisional liquidators over the Affected Subsidiaries by the Company

- 11. Pursuant to the appointment of the Westpac Receivers and NAB Receivers, the Company made applications for the appointment of provisional liquidators in respect of IHC Medical Re Pte Ltd and IHC Management Pte Ltd. These applications are made:
 - (a) Further to the pending winding-up petitions filed by the Company against IHC Medical Re Pte Ltd and IHC Management Pte Ltd,
 - (b) as part of the Company's precautionary efforts to secure its rights over the residual proceeds from the sale of the Australian Properties and
 - (c) to safeguard the Company's interest as a creditor of IHC Medical Re Pte Ltd and IHC Management Pte Ltd..
- 12. At the hearing of the applications on 8 September 2016, the Court directed that the applications to appoint provisional liquidators are to be heard together with the application to set aside the Injunction Order on 11 October 2016. In the event any of the Australian Properties are sold before 11 October 2016:
 - (a) the sale proceeds will be applied in the first instance to settle any outstanding facilities with the respective mortgagees; and

- (b) undertaking has been obtained from the Crest Funds not to dispose of the balance proceeds of the sale pending the outcome of the hearing on 11 October 2016. Any surplus monies arising from the sale will in the interim be held by WongPartnership LLP who are solicitors of the Crest Funds. This undertaking subsists insofar as the Funds have control over the Affected Subsidiaries.

Summary

13. These recent developments, namely:

- (a) The changes to the composition of the boards of directors of the Affected Subsidiaries and the subsequent Injunction Order;
- (b) The appointment of the Westpac Receivers and the NAB Receivers; and
- (c) The pending applications for the appointments of provisional liquidators over IHC Medical Re Pte Ltd and IHC Management Pte Ltd,

do not change the net financial position of the Company and/or its Affected Subsidiaries. These proceedings are part of the Company's ongoing process to challenge the disputed appointment of the Crest Receivers and secure the Company's interest in the Australian Properties, or the proceeds of sale thereof.

Shareholders of the Company are, in the meantime, 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

Lim Beng Choo
Executive Director
16 September 2016

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.

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.