



HMI to consolidate ownership in Mahkota Medical Centre and Regency Specialist Hospital

- Total purchase price of RM556.5 million (S\$183.2 million¹) to be funded by a combination of cash and the issue of new HMI shares
- Transaction expected to be immediately earnings accretive to HMI's shareholders with EPS for FY2016A increasing by 30.4% on a pro-forma² basis
- Enlarged scale as a result of the Consolidation builds a platform for HMI to pursue its regional healthcare strategy
- Transaction expected to complete in March 2017

SINGAPORE – 11 November 2016 - Health Management International Ltd ("HMI" or the "Group"), a growing regional private healthcare provider, announces that it has agreed to consolidate the ownership of its two hospitals in Malaysia, 48.9%-owned Mahkota Medical Centre ("**MMC**") and 60.8%-owned Regency Specialist Hospital ("**RSH**"), to 100% each, for an agreed aggregate purchase price of RM556.5 million (equivalent to S\$183.2 million) ("**Purchase Price**") ("**Consolidation**").

This Consolidation will facilitate HMI's regional growth strategy and create an enlarged listed healthcare platform. The immediate financial benefit that HMI shareholders can expect from the Consolidation is a clearer ownership structure with 100% of MMC's and RSH's earnings being attributable to HMI shareholders. Existing non-controlling interests at MMC and RSH will become shareholders at the HMI level as part of this Consolidation.

On a pro-forma² basis for FY2016, the enlarged hospital group will have close to RM400 million revenue, RM90 million EBITDA and RM36 million net income, all attributable to HMI shareholders. The Consolidation is earnings accretive, and will increase the fully diluted earnings per share by 30.4% on a pro-forma basis³. In terms of leverage, HMI's pro-forma Net Debt / FY2016 EBITDA⁴ will increase to 1.6x, which is largely in-line with key market peers⁵.

¹ For the purposes of this press release, all RM amounts have been translated into S\$ at the rate of S\$1.00:RM3.0380.

² Pro-forma assumes additional debt facility of S\$62.0 million at an interest rate of 5.25%, excluding one-off transaction fees, expenses and taxes, issuance of 32,376,443 Rights Shares and 199,822,890 Consideration Shares. Assumes exercise of 3.8 million Employee Stock Options and allotment of 8.8 million Performance Shares on 1 July 2015.

³ This statement should not be interpreted to mean that the future earnings per share for HMI shareholders will necessarily be greater than those for FY2016.

⁴ EBITDA refers to Earnings Before Interest, Tax, Depreciation and Amortisation, and excludes net currency gains or losses and share of profits from associated corporations.

⁵ Based on median Net Debt / Last Twelve Months EBITDA multiple of Apollo Hospitals Enterprise Limited, Bangkok Dusit Medical Services PCL, Bumrungrad Hospital PCL, Fortis Healthcare Limited, IHH Healthcare Berhad, KPJ Healthcare Berhad, PT Mitra Keluarga Karyasehat Tbk, Raffles Medical Group Ltd, PT Sarana Meditama Metropolitan Tbk and PT Siloam International Hospitals Tbk.

The Purchase Price will be financed through a combination of cash and new HMI shares ("**Consideration Shares**") to be issued to the non-controlling shareholders of MMC and RSH. The cash component of the Consolidation will be funded primarily by a senior secured five-year term loan ("**Term Loan Facility**") of up to S\$62.0 million, a renounceable rights issue of new HMI shares ("**Rights Shares**") of up to S\$18.5 million, and internal cash resources. The rights issue of up to 32,376,443 Rights Shares will be offered at the issue price of S\$0.57 each, on the basis of 11 Rights Shares for every 200 HMI shares. HMI will also issue an aggregate of 199.8 million Consideration Shares at the issue price of S\$0.57 each. The issue price for both the Rights Shares and Consideration Shares represents a discount of 5.8% to the closing price of HMI shares as at 10 November 2016.

Dr Chua Ee Chek, a Singapore-based specialist in private practice and non-controlling shareholder since 2001, said, "We have partnered HMI since the Group took a stake in both hospitals, and are pleased with how HMI has continuously achieved year-on-year growth for the hospitals. With an experienced management team and their passion in providing quality healthcare services, we are confident that HMI will bring the hospitals and the Group to the next phase of growth and look forward to being part of the journey going forward."

Added Ms Chin Wei Jia, HMI Group Chief Executive Officer, "In Malaysia, an ageing population, increasing affluence, rising trend in domestic insurance penetration and growing medical tourism, are increasing the demand for private healthcare services. The Group is confident about the growth of the private healthcare sector, and is committed to working closely with healthcare partners, government agencies and the community to promote Malaysia as a quality healthcare destination."

Commenting on the Consolidation, Ms Chin said, "With an enlarged scale as a result of the Consolidation, HMI will have greater operational flexibility and funding options to pursue our regional growth strategy. The Consolidation will also unlock value for HMI shareholders, who are expected to benefit from an immediate accretion to earnings per share and net profit attributable to shareholders."

The Consolidation is subject to, among others, the approval of the HMI shareholders and the Singapore Exchange Securities Trading Limited for the listing of the Consideration Shares and the Rights Shares on the Mainboard of the SGX-ST. HMI will be seeking shareholders' approval for the Consolidation and rights issue at an extraordinary general meeting. The Consolidation is expected to be completed in March 2017.

Credit Suisse (Singapore) Limited is the sole financial advisor to HMI for the Consolidation, and Credit Suisse AG, Singapore Branch is also providing the Term Loan Facility. OCBC Bank is advising HMI with respect to and will act as the manager for the Rights Issue.

About Health Management International Ltd

Health Management International Ltd is a growing private healthcare provider with presence in Singapore, Malaysia and Indonesia. The Group's key assets comprise of two tertiary hospitals in

Malaysia, the 288 bed capacity MMC in Malacca and the 218 bed capacity RSH in Johor. The Group also owns and operates the HMI Institute of Health Sciences in Singapore.

About MMC and RSH

MMC is the largest private tertiary hospital in South Malaysia with 288 bed capacity and is a leader in the medical tourism market in Malaysia, while RSH is one of the fastest growing private hospitals in Malaysia with 218 bed capacity serving the Iskandar Malaysia region. There is a planned medical block extension for RSH which will more than double existing capacity. Construction is expected to commence in 2017.

For more information, please refer to our website at www.hmi.com.sg.

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Disclaimer

This news release should be read in conjunction with the full text of the announcement dated 11 November 2016. Shareholders and holders of options in HMI are advised to read all the documents relating to the Consolidation that are filed with the SGX-ST when they become available because they will contain important information. Copies of documents may be obtained, when available, from the SGX-ST website (www.sgx.com).

Each of the directors of HMI (including any who may have delegated detailed supervision of this news release) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this news release are fair and accurate and that no material facts have been omitted from this news release, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or publicly available sources, the sole responsibility of the directors of HMI has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this news release.

Forward-looking Statements

All statements other than statements of historical facts included in this news release 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”, “would”, “should”, “could”, “may” or “might”.

These statements reflect the HMI’s current expectations, beliefs, intentions or strategies regarding the future and assumptions in light of currently available information. 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. Shareholders and investors should not place undue reliance on such forward-looking statements. Neither HMI nor Credit Suisse nor OCBC Bank guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.

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