

CIRCULAR DATED 30 SEPTEMBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is circulated to the shareholders of Health Management International Ltd (the “**Company**”) together with the Company’s annual report for the financial year ended 30 June 2016 (the “**Annual Report 2016**”). The notice of annual general meeting (the “**Notice of AGM**”) and the Proxy Form are enclosed with the Annual Report 2016.

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

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2016, the Notice of AGM, the Proxy Form and this Circular to the purchaser or transferee of the shares or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Circular.



HEALTH MANAGEMENT INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 199805241E)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE;**
- (2) THE PROPOSED ALTERATION TO THE CONSTITUTION RELATING TO THE HMI SCRIP DIVIDEND SCHEME; AND**
- (3) THE PROPOSED AUTHORITY TO ISSUE NEW ORDINARY SHARES PURSUANT TO THE HMI SCRIP DIVIDEND SCHEME.**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	22 October 2016 at 4.00 p.m.
Date and time of Annual General Meeting	:	24 October 2016 at 4.00 p.m.
Place of Annual General Meeting	:	Hall 2, Level 1 Devan Nair Institute for Employment and Employability 80 Jurong East Street 21 Singapore 609607

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DEFINITIONS

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

“ACRA”	: Accounting and Corporate Regulatory Authority.
“Act”	: The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time.
“AGM”	: The annual general meeting of the Company to be held on 24 October 2016 at 4.00 p.m. at Hall 2, Level 1, Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, Singapore 609607.
“Annual Report 2016”	: The Company’s annual report for the financial year ended 30 June 2016.
“Constitution”	: The constitution of the Company.
“Board”	: The board of Directors of the Company as at the date of this Circular.
“Books Closure Date”	With respect to a Qualifying Dividend, the date to be determined by the Directors on which the transfer books and register of members of the Company will be closed for the purpose of determining the entitlements of Shareholders to that Qualifying Dividend and is the day immediately preceding the first day of the Books Closure Period.
“Books Closure Period”	With respect to a Qualifying Dividend, the period to be determined by the Directors during which the transfer books and register of members of the Company will be closed for the purpose of determining the entitlements of Shareholders to that Qualifying Dividend.
“CDP”	: The Central Depository (Pte) Limited.
“Circular”	: This circular to Shareholders dated 30 September 2016.
“Company”	: Health Management International Ltd.
“Director”	: A person holding office as a director of the Company for the time being.
“Dividend”	A dividend (including any interim, final, special or other dividend) to be paid on the issued Ordinary Shares as resolved or proposed by the Directors or the Company in general meeting.
“EPS”	: Earnings per Share.
“FY”	: The financial year ended or ending 30 June.
“Group”	: The Company and its subsidiaries.
“HMI Scrip Dividend Scheme”	The Health Management International Ltd Scrip Dividend Scheme, the terms and conditions of which are set out in Appendix 2 to this Circular, as amended from time to time.

DEFINITIONS

“Latest Practicable Date”	: 19 September 2016, being the latest practicable date prior to the printing of this Circular.
“Listing Manual”	: The Listing Manual of the SGX-ST, as may be amended, modified or supplemented from time to time.
“Market Day”	: A day on which the SGX-ST is open for trading in securities.
“New Ordinary Shares”	New Ordinary Shares to be issued, credited as fully paid, pursuant to the HMI Scrip Dividend Scheme.
“Notice of AGM”	: The notice of AGM.
“NTA”	: Net tangible assets.
“Ordinary Shares”	Ordinary shares in the capital of the Company.
“Overseas Shareholders”	: With respect to a Qualifying Dividend, Shareholders with registered addresses outside Singapore and who have not provided the Company or as the case may be, CDP, not later than three (3) Market Days prior to the Book Closure Date for that Qualifying Dividend, with addresses in Singapore for service of notices and documents.
“Price Determination Period”	: With respect to a Qualifying Dividend, the period to be determined by the Directors prior to the announcement of the application of the HMI Scrip Dividend Scheme to that Qualifying Dividend as the period by reference to which the issue price of a New Ordinary Share with respect to that Qualifying Dividend is to be determined.
“Qualifying Dividend”	: A Dividend to which the HMI Scrip Dividend Scheme applies, as determined by the Directors.
“Securities Account”	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent.
“SGX-ST”	: Singapore Exchange Securities Trading Limited.
“Share Buy Back Mandate”	: The general mandate to authorise the Directors to exercise all the powers of the Company to purchase or acquire its issued Shares upon and subject to the terms of such mandate.
“Shareholders”	: Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts.
“Shares”	: Shares in the capital of the Company.

DEFINITIONS

“Substantial Shareholder”	: A person who has an interest in the voting shares in the Company representing not less than 5% of all the voting shares.
“Take-over Code”	: The Singapore Code on Take-overs and Mergers, and all practice notes, rules and guidelines thereunder, as may from time to time be issued or amended.
“treasury shares”	: Issued Shares which were (or are treated as having been) purchased or acquired by the Company in circumstances in which Section 76H of the Act applies and have been held by the Company continuously since such Shares were so purchased or acquired.
“\$” or “S\$” and “cents”	: Singapore dollars and cents respectively, being the lawful currency of Singapore.
“RM” and “sen”	: Ringgit and sen respectively, being the lawful currency of Malaysia.
“%”	: Per centum or percentage.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore. The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine gender and the neuter gender and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any term defined under the Act, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Act, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in tables included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

HEALTH MANAGEMENT INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 199805241E)

Board of Directors:

Dr. Gan See Khem (*Executive Chairman and Managing Director*)
Ms. Chin Wei Jia (*Executive Director and Group Chief Executive Officer*)
Mr. Chin Wei Yao (*Executive Director*)
Professor Annie Koh (*Lead Independent Director*)
Dr. Cheah Way Mun (*Independent Non-Executive Director*)
Professor Tan Chin Tiong (*Independent Non-Executive Director*)

Registered Office:

7 Temasek Boulevard
#12-10 Suntec Tower One
Singapore 038987

30 September 2016

To: The Shareholders of Health Management International Ltd

Dear Sir/Madam

1. INTRODUCTION

The Directors refer to (i) the Notice of AGM accompanying the Annual Report 2016, convening the AGM, and (ii) Resolutions 10, 11 and 12 set out in the Notice of AGM, being the ordinary resolution for the proposed renewal of the Share Buy Back Mandate; the special resolution for the proposed alteration to the Constitution relating to the HMI Scrip Dividend Scheme; and the ordinary resolution for the authority to be granted to the Directors to issue New Ordinary Shares pursuant to the HMI Scrip Dividend Scheme respectively.

The purpose of this Circular is to provide Shareholders with information relating to the above proposals and to seek Shareholders' approval for the same at the AGM. The SGX-ST assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Circular.

2. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

2.1 Background

At the Company's annual general meeting held on 22 October 2015, Shareholders approved the renewal of the Share Buy Back Mandate, such mandate being expressed to take effect until the conclusion of the next annual general meeting or the date by which such annual general meeting is required by law to be held; unless prior thereto, buy backs of Shares are carried out to the full extent mandated or the Share Buy Back Mandate is varied or revoked by Shareholders in a general meeting. Accordingly, the Directors propose that the Share Buy Back Mandate be renewed at the forthcoming AGM.

The terms in respect of which the Share Buy Back Mandate is sought to be renewed are set out in this Circular.

2.2 Rationale for the Share Buy Back Mandate

The Share Buy Back Mandate will give the Directors the flexibility to purchase or acquire Shares if and when circumstances permit. The Directors believe that Share buy backs provide the Company and its Directors with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. They also allow the Directors to exercise greater control over the Company's share capital structure and dividend payout.

The buy back of Shares may, depending on market conditions and funding arrangements at the relevant time, lead to an enhancement of the EPS, and will only be made when the Directors believe that such buy backs would benefit the Company and its Shareholders.

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Repurchased Shares which are held in treasury may be transferred to participating Directors and employees for the purposes of the share schemes implemented by the Company. The use of treasury shares in lieu of issuing new Shares for the purposes of such schemes would also mitigate the dilution impact of such schemes on existing Shareholders.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position of the Group and/or the listing status of the Company on the SGX-ST.

2.3 Authority and Limits on the Share Buy Back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy Back Mandate are summarised below:

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued Shares (excluding treasury shares) as at the date of the AGM, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the relevant period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered. For purposes of calculating the percentage of issued Shares above, any Shares which are held as treasury shares will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 584,882,686 Shares (excluding 1,209,600 treasury shares) and assuming that no further Shares are issued on or prior to the AGM, not more than 58,488,268 Shares (representing 10% of the issued Shares (excluding treasury shares) as at that date) may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate.

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM at which the renewal of Share Buy Back Mandate is approved, up to:

- (a) the conclusion of the next annual general meeting or the date by which such annual general meeting is required by law to be held;
- (b) the date on which the buy backs of Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred in the Share Buy Back Mandate is varied or revoked by the Shareholders in a general meeting,

whichever is the earliest.

2.3.3 Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the SGX-ST's ready market trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one (1) or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

LETTER TO SHAREHOLDERS

- (b) off-market purchases (“**Off-Market Purchases**”) in accordance with any equal access scheme(s) which scheme(s) shall satisfy all the conditions prescribed by the Act and the Listing Manual. The Directors may impose such terms and conditions which are not inconsistent with the Share Buy Back Mandate, the Listing Manual and the Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). Under the Act, an Off-Market Purchase must, however, satisfy all the following conditions:
 - (i) the offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
 - (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
 - (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (a) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (b) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share buy back;
- (iv) the consequences, if any, of Share buy backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share buy back, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of all Share buy backs made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

The purchase price per Share (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the maximum purchase price to be paid for a Share (the “**Maximum Price**”) as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

LETTER TO SHAREHOLDERS

- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, up to 120% of the Average Closing Price (as defined hereinafter),

in either case, excluding related expenses of the purchase.

For the above purposes:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) Market Days, on which the Shares are transacted on the SGX-ST or, as the case may be, such other stock exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five (5)-day period; and

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Shares Purchased or Acquired by the Company

2.4.1 Cancellation

Any Share which is purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Act) will be automatically de-listed by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.4.2 Treasury Shares

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Act are summarised below:

(i) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares (excluding treasury shares).

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller or greater number is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

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(iii) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Rule 704(28) of the Listing Manual requires that the Company immediately announce any sale, transfer, cancellation and/or use of treasury shares stating the following:

- (a) the date of the sale, transfer, cancellation and/or use;
- (b) the purpose of such sale, transfer, cancellation and/or use;
- (c) the number of treasury shares sold, transferred, cancelled and/or used;
- (d) the number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (e) the percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.5 Source of Funds for the Share Buy Back

In buying back Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Constitution, and the applicable laws in Singapore. The Company may not buy Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. The buy back of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent (as defined in Section 76F(4) of the Act).

When Shares are purchased or acquired, and cancelled:

- 2.5.1 if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (excluding brokerage, commission, applicable goods and services tax and other related expenses) (the "**Purchase Price**");
- 2.5.2 if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits by the total amount of the Purchase Price; or
- 2.5.3 where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the total amount of the Purchase Price.

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The Company may use internal resources and/or external borrowings to finance purchases of its Shares pursuant to the Share Buy Back Mandate.

The Directors do not propose to exercise the Share Buy Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

2.6 Take-over Implications under the Take-over Code

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.6.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.6.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital (excluding treasury shares);
- (f) directors of a company, (together with their close relatives, related trusts and companies controlled by any of them), which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

LETTER TO SHAREHOLDERS

- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.6.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentage of voting rights of such Directors and their concert parties, treasury shares should be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy Back Mandate.

Based on the shareholdings of the Directors in the Company as at the Latest Practicable Date, none of the Directors and parties acting in concert with them will become obligated to make a mandatory offer by reason only of the buy back of 58,488,268 Shares by the Company pursuant to the Share Buy Back Mandate.

The Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

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2.7 Financial Impact

2.7.1 General

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analyses set out below are based on the audited financial statements of the Group and the Company for FY2016 and are not necessarily representative of the future financial performance of the Group and the Company. Although the proposed Share Buy Back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares (excluding treasury shares), the Company may not necessarily buy back or be able to buy back 10% of the issued Shares (excluding treasury shares) in full.

2.7.2 Financial Effects of the Share Buy Back Mandate

It is not possible for the Company to realistically calculate or quantify the financial effects of purchases or acquisitions that may be made pursuant to the Share Buy Back Mandate, as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, whether the purchase or acquisition is made out of profits and/or capital, and whether the Shares purchased or acquired are held in treasury or cancelled.

The Directors do not propose to exercise the Share Buy Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Company. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Company, and the prevailing market conditions. The proposed Share Buy Back Mandate will be exercised with a view to enhance the earnings and/or NTA value per Share of the Company. The financial effects presented in this Section of this Circular are based on the assumptions set out below.

(a) *Information as at the Latest Practicable Date*

As at the Latest Practicable Date, the Company has 584,882,686 issued Shares (excluding 1,209,600 treasury shares).

(b) *Purchase or Acquisition out of Profits and/or Capital*

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will not affect the amount available for distribution in the form of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of retained profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for distribution in the form of cash dividends by the Company.

(c) *Purchase or Acquisition out of Internal Resources and/or External Borrowing*

Where the purchase or acquisition of Shares is financed through internal resources, it will reduce the cash reserves, the current assets and Shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

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Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would also be a similar increase in the gearing ratios and a decline in the current ratios of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

The impact of purchases or acquisitions under the Share Buy Back Mandate on net asset value, EPS and gearing of the Group and the Company will depend, *inter alia*, on the number of Shares purchased or acquired, the price at which they are purchased or acquired and the manner in which the purchase or acquisition is funded. It is therefore not possible to realistically calculate or quantify the impact at this point in time.

(d) *Number of Shares Acquired or Purchased*

Based on the 584,882,686 issued and paid-up Shares as at the Latest Practicable Date, disregarding the 1,209,600 Ordinary Shares held in treasury, and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the AGM, the purchase or acquisition by the Company of up to the maximum limit of 10% of its issued Shares (excluding treasury shares) will entail a purchase or acquisition of 58,488,268 Shares.

(e) *Maximum Price Paid for Shares Purchased or Acquired*

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 58,488,268 Shares (representing 10% of its issued Shares excluding treasury shares) at the Maximum Price of S\$0.560 per Share (being the price equivalent to 105% of the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required is S\$32,753,430 excluding brokerage, commission, applicable goods and services tax and other related expenses.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 58,488,268 Shares (representing 10% of its issued Shares excluding treasury shares) at the Maximum Price of S\$0.640 per Share (being the price equivalent to 120% of the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required is S\$37,432,492 excluding brokerage, commission, applicable goods and services tax and other related expenses.

(f) *Illustrative Financial Effects*

For illustrative purposes only and on the basis of the assumptions set out above, the financial effects of:

- (i) the acquisition of 10% Shares (excluding treasury shares) by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy Back Mandate by way of purchases made entirely out of capital and held as treasury shares; and
- (ii) the acquisition of 10% Shares (excluding treasury shares) by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy Back Mandate by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for FY2016, are set out below:

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(i) Purchases made entirely out of capital and held as treasury shares

Market Purchases

RM '000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Share Capital	90,564	90,564	90,564	90,564
Treasury Shares	(1,022)	(100,198)	(1,022)	(100,198)
Other Reserves	19,547	19,547	29,004	29,004
Accumulated Losses	61,553	61,553	(977)	(977)
Total Shareholders' Equity	170,642	71,466	117,569	18,393
Shareholders' Funds/Net Assets	232,264	133,088	117,569	18,393
Current Assets	154,551	55,375	58,488	(40,688)
Current Liabilities	112,529	112,529	16,361	16,361
Total Borrowings	41,857	41,857	17,063	17,063
Profits attributable to Shareholders	19,899	19,899	9,089	9,089
No. of Shares ('000)	584,882	526,394	584,882	526,394

Financial Ratios

Net Tangible Assets per Share (sen)	39.71	25.28	20.10	3.49
Gearing Ratio (times) ⁽¹⁾	0.18	0.31	0.15	0.93
Current Ratio (times) ⁽²⁾	1.37	0.49	3.57	(2.49)
Earnings/(Loss) per Share (sen) ⁽³⁾	3.45	3.84	1.58	1.75

Notes:

- (1) Gearing Ratio represents the ratio of Total Borrowings to Shareholders' Funds;
- (2) Current Ratio represents the ratio of Current Assets to Current Liabilities;
- (3) Earnings/(Loss) per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

Off-Market Purchases

RM '000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Share Capital	90,564	90,564	90,564	90,564
Treasury Shares	(1,022)	(114,366)	(1,022)	(114,366)
Other Reserves	19,547	19,547	29,004	29,004
Accumulated Losses	61,553	61,553	(977)	(977)
Total Shareholders' Equity	170,642	57,298	117,569	4,225
Shareholders' Funds/Net Assets	232,264	118,920	117,569	4,225
Current Assets	154,551	41,207	58,488	(54,856)
Current Liabilities	112,529	112,529	16,361	16,361
Total Borrowings	41,857	41,857	17,063	17,063
Profits attributable to Shareholders	19,899	19,899	9,089	9,089
No. of Shares ('000)	584,882	526,394	584,882	526,394

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RM '000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back

Financial Ratios

Net Tangible Assets per Share (sen)	39.71	22.59	20.10	0.80
Gearing Ratio (times) ⁽¹⁾	0.18	0.35	0.15	4.04
Current Ratio (times) ⁽²⁾	1.37	0.37	3.57	(3.35)
Earnings/(Loss) per Share (sen) ⁽³⁾	3.45	3.84	1.58	1.75

Notes:

- (1) Gearing Ratio represents the ratio of Total Borrowings to Shareholders' Funds;
 (2) Current Ratio represents the ratio of Current Assets to Current Liabilities;
 (3) Earnings/(Loss) per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

(ii) Purchases made entirely out of capital and cancelled

Market Purchases

RM '000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Share Capital	90,564	(8,612)	90,564	(8,612)
Treasury Shares	(1,022)	(1,022)	(1,022)	(1,022)
Other Reserves	19,547	19,547	29,004	29,004
Accumulated Losses	61,553	61,553	(977)	(977)
Total Shareholders' Equity	170,642	71,466	117,569	18,393
Shareholders' Funds/Net Assets	232,264	133,088	117,569	18,393
Current Assets	154,551	55,375	58,488	(40,688)
Current Liabilities	112,529	112,529	16,361	16,361
Total Borrowings	41,857	41,857	17,063	17,063
Profits attributable to Shareholders	19,899	19,899	9,089	9,089
No. of Shares ('000)	584,882	526,394	584,882	526,394

Financial Ratios

Net Tangible Assets per Share (sen)	39.71	25.28	20.10	3.49
Gearing Ratio (times) ⁽¹⁾	0.18	0.31	0.15	0.93
Current Ratio (times) ⁽²⁾	1.37	0.49	3.57	(2.49)
Earnings/(Loss) per Share (sen) ⁽³⁾	3.45	3.84	1.58	1.75

Notes:

- (1) Gearing Ratio represents the ratio of Total Borrowings to Shareholders' Funds;
 (2) Current Ratio represents the ratio of Current Assets to Current Liabilities;
 (3) Earnings/(Loss) per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

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Off-Market Purchases

RM '000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Share Capital	90,564	(22,780)	90,564	(22,780)
Treasury Shares	(1,022)	(1,022)	(1,022)	(1,022)
Other Reserves	19,547	19,547	29,004	29,004
Accumulated Losses	61,553	61,553	(977)	(977)
Total Shareholders' Equity	170,642	57,298	117,569	4,225
Shareholders' Funds/Net Assets	232,264	118,920	117,569	4,225
Current Assets	154,551	41,207	58,488	(54,856)
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Total Borrowings	41,857	41,857	17,063	17,063
Profits attributable to Shareholders	19,899	19,899	9,089	9,089
No. of Shares ('000)	584,882	526,394	584,882	526,394

Financial Ratios

Net Tangible Assets per Share (sen)	39.71	22.59	20.10	0.80
Gearing Ratio (times) ⁽¹⁾	0.18	0.35	0.15	4.04
Current Ratio (times) ⁽²⁾	1.37	0.37	3.57	(3.35)
Earnings/(Loss) per Share (sen) ⁽³⁾	3.45	3.84	1.58	1.75

Notes:

- (1) Gearing Ratio represents the ratio of Total Borrowings to Shareholders' Funds;
- (2) Current Ratio represents the ratio of Current Assets to Current Liabilities;
- (3) Earnings/(Loss) per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

The above *pro forma* financial effects are for illustrative purposes only. Although the Share Buy Back Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

2.8 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Buy Back Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

2.9 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer or a controlling shareholder of the Company, or any of their associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

2.10 Reporting Requirements under the Act

Within 30 days of the passing of a Shareholders' resolution to approve the purchases or acquisitions of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

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Within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase or acquisition in the prescribed form, such notification including, *inter alia*, details of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase or acquisition and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, and whether the Shares were purchased or acquired out of the profits and/or the capital of the Company.

2.11 Applicable Rules of the Listing Manual

2.11.1 The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of the total number of issued Shares (excluding treasury shares) is at all times held by the public. The "public" is defined under "Definitions and Interpretation" of the Listing Manual as persons other than the Directors, chief executive officer, Substantial Shareholders or controlling shareholders of the Company or its subsidiary companies, as well as the associates of such persons.

As at the Latest Practicable Date, 212,361,557 Shares representing approximately 36.31% of the issued share capital of the Company are held in the hands of the public. For illustrative purposes only, assuming that the Company repurchased the maximum of 10% of its issued share capital (excluding treasury shares) as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares held by the public would be approximately 29.23%.

The Directors will use their best efforts to ensure that the Company does not effect buy backs of Shares if the buy back of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status and orderly trading of the Shares of the Company.

2.11.2 Under Rule 884 of the Listing Manual, a listed company may only purchase or acquire shares by way of a market acquisition at a price per share which is not more than 5% above the average closing market price. The term "average closing market price" is defined as the average of the closing market prices of shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which purchases or acquisitions are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 2.3.4 of this Circular, conforms to this restriction.

Additionally, Rule 886 of the Listing Manual also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement shall include, *inter alia*, details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, the purchase price per share or (in the case of Market Purchases), the purchase price per share or the highest price and lowest price per share, the total consideration paid for the shares and the number of issued shares after purchase, in the form prescribed under Appendix 8.3.1 of the Listing Manual.

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While the Listing Manual does not expressly prohibit any purchase or acquisition by a listed company of its shares during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced.

Further, in conformity with Rule 1207(19) of the Listing Manual, the Company will observe the best practices on dealings in securities, such that the Company will not purchase or acquire any Shares during the period commencing two (2) weeks before the announcement of the Company’s financial statements for each of the first three (3) quarters of its FY and one (1) month before the announcement of its full year financial statements.

2.12 Details of the Shares Bought by the Company in the Previous 12 Months

In the last 12 months preceding the Latest Practicable Date, the Company had purchased 1,008,600 Shares by way of Market Purchases pursuant to the Share Buy Back Mandate granted at the AGM held on 22 October 2015. The highest and lowest price paid was S\$0.33 and S\$0.30 per Share respectively. The total consideration paid for all purchases was S\$329,565.30.

3. THE PROPOSED ALTERATION TO CONSTITUTION RELATING TO THE HMI SCRIP DIVIDEND SCHEME

3.1 **Proposed Alteration to the Constitution to facilitate the HMI Scrip Dividend Scheme.** The Company proposes to adopt the HMI Scrip Dividend Scheme, details of which are set out in paragraph 4 below. To facilitate the implementation of the HMI Scrip Dividend Scheme by the Directors, a new Article 113A is proposed to be inserted in the Constitution to, *inter alia*, enable Shareholders to elect to receive New Ordinary Shares, credited as fully paid in lieu of the cash amount of a Qualifying Dividend, in accordance with the HMI Scrip Dividend Scheme.

3.2 **Appendix 1.** The text of new Article 113A is set out in Appendix 1 of this Circular. The proposed alteration to the Constitution is subject to Shareholders’ approval.

4. THE PROPOSED AUTHORITY TO ISSUE NEW ORDINARY SHARES PURSUANT TO THE HMI SCRIP DIVIDEND SCHEME

4.1 **Rationale and Purpose.** The HMI Scrip Dividend Scheme will provide an opportunity for Shareholders to make an election to receive a Qualifying Dividend in the form of New Ordinary Shares instead of cash.

The HMI Scrip Dividend Scheme will enable Shareholders to acquire additional Ordinary Shares without having to incur transaction or other related costs. The Company will also benefit from the participation by Shareholders in the HMI Scrip Dividend Scheme as, to the extent that Shareholders elect to receive a Qualifying Dividend in the form of New Ordinary Shares, the Company’s share capital base and the cash retained for the Group’s general corporate purposes will be enlarged.

The terms and conditions of the HMI Scrip Dividend Scheme are set out in Appendix 2 of this Circular and a summary description and explanation is provided in paragraphs 4.2 to 4.12 below.

4.2 **Adoption of HMI Scrip Dividend Scheme.** The Listing Manual does not require the adoption of scrip dividend schemes to be approved by shareholders. Accordingly, Shareholders’ approval will not be sought for the adoption of the HMI Scrip Dividend Scheme but rather for the authority to the Directors to issue New Ordinary Shares to Shareholders, who have elected to receive their entitlements to a Qualifying Dividend in the form of New Ordinary Shares.

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- 4.3 **Election to Receive Qualifying Dividends in the Form of New Ordinary Shares in lieu of Cash.** Under the proposed HMI Scrip Dividend Scheme, whenever a Dividend has been announced and the Directors have determined that in respect of their entitlement to the Dividend, Shareholders may elect to receive New Ordinary Shares credited as fully paid, each Shareholder has the following three (3) choices in respect of the Dividend:

- 4.3.1 elect to receive a cash Dividend on his existing Ordinary Shares held;
- 4.3.2 elect to receive an allotment of New Ordinary Shares in lieu of part of the cash amount of the Dividend entitlement credited as fully-paid and the remaining Dividend entitlement in cash; or
- 4.3.3 elect to receive an allotment of New Ordinary Shares in lieu of all the cash amount of the Dividend entitlement credited as fully paid.

An announcement will be made by the Company as soon as practicable following the determination by the Directors that the HMI Scrip Dividend Scheme is to apply to a particular Dividend, and in any event, by no later than the Market Day immediately following the Books Closure Date for that Dividend.

A Shareholder will, at the discretion of the Company, receive one (1) or more notices of election ("**Notices of Election**") in relation to all of his holding of Ordinary Shares. A Shareholder may elect to receive New Ordinary Shares in respect of part or all of his entitlement to the Qualifying Dividend to which each Notice of Election relates. A Shareholder may also make a permanent election to receive New Ordinary Shares in respect of his entitlement to all future Qualifying Dividends to which each Notice of Election relates. Where a permanent election has been made, the participating Shareholder may, by giving the appropriate notice, cancel his participation and withdraw from the HMI Scrip Dividend Scheme at any time. The cancellation of a permanent election by a Shareholder would not preclude him from making a fresh permanent election, should he wish to do so, at a later time.

A Shareholder receiving two (2) or more Notices of Election may elect to receive New Ordinary Shares in respect of his entitlement to which one (1) Notice of Election relates and decline to receive New Ordinary Shares in respect of his entitlement to which any other Notice of Election relates. A Shareholder receiving two (2) or more Notices of Election and wishing to receive New Ordinary Shares in respect of part or all of his entitlement to the Qualifying Dividend in respect of all his holding of Ordinary Shares must complete all the Notices of Election received by him and return the completed Notices of Election to the Company and/or CDP, as the case may be. A Shareholder who is a Depository Agent or nominee company of a bank, merchant bank, stockbroker or other financial institution, holding Ordinary Shares as custodian, may, at the discretion of the Directors, be allowed to make an election to participate in the HMI Scrip Dividend Scheme in respect of part only of the Ordinary Shares to which each Notice of Election received by it relates.

For the purpose of calculating the number of New Ordinary Shares to be allotted to Shareholders, the issue price of a New Ordinary Share shall not be set by the Directors at more than 10% discount to the arithmetic average of the daily volume weighted average price of an Ordinary Share on the SGX-ST for each of the Market Days during the Price Determination Period. In the event that there is no trading in the Ordinary Shares during the Price Determination Period, the issue price of a New Ordinary Share shall not exceed the average of the last dealt prices of an Ordinary Share on the SGX-ST for each of the Market Days during a period of five (5) Market Days preceding the Price Determination Period.

Consequently (where the HMI Scrip Dividend Scheme applies to a particular Dividend), it will not be possible until after the close of business on the last day of the relevant Price Determination Period to determine the exact number of New Ordinary Shares to which Shareholders electing to receive New Ordinary Shares will be entitled. An announcement will be made setting out the issue price of a New Ordinary Share to be used in the calculation of entitlements of Shareholders to the New Ordinary Shares in respect of such Dividend.

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The New Ordinary Shares to be issued pursuant to the HMI Scrip Dividend Scheme will rank *pari passu* in all respects with the existing Ordinary Shares then in issue save only as regards to participation in the Qualifying Dividend which is the subject of the election (including the right to make any election pursuant to the HMI Scrip Dividend Scheme) or any other distribution, bonuses or rights paid, made, declared or announced prior to, or contemporaneous with, the payment or declaration of the Qualifying Dividend which is the subject of the election, unless the Directors or the Company in General Meeting shall otherwise specify.

Fractional entitlements to the New Ordinary Shares will be rounded up to the nearest whole number or otherwise dealt with in such manner as the Directors may deem fit in the interests of the Company and as may be acceptable to the SGX-ST.

Shareholders will receive the Qualifying Dividend in cash if they do not explicitly elect to participate in the HMI Scrip Dividend Scheme according to its provisions. Shareholders need not take any action if they wish to receive their entitlement to the Qualifying Dividend in cash.

- 4.4 **Availability of the HMI Scrip Dividend Scheme.** Notwithstanding any provisions of the HMI Scrip Dividend Scheme, if any time after the Directors have determined that the HMI Scrip Dividend Scheme shall apply to any Dividend and before the allotment and issue of New Ordinary Shares in respect of such Dividend, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the HMI Scrip Dividend Scheme in respect of such Dividend, the Directors may, in their absolute discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the application of the HMI Scrip Dividend Scheme to such Dividend. In such event, the Dividend shall be paid in cash to Shareholders in the usual way.
- 4.5 **Eligibility.** All Shareholders are eligible to participate in the HMI Scrip Dividend Scheme, subject to the restrictions on Overseas Shareholders, more particularly described in paragraph 4.7 below, and further subject to the requirement that such participation by the Shareholder will not result in a breach of any other restriction on such Shareholder's holding of Ordinary Shares, which may be imposed by any statute, law or regulation in force in Singapore or any other relevant jurisdiction, as the case may be, or the Constitution.
- 4.6 **Obligation to Extend Take-over Offer.** The attention of Shareholders is drawn to Rule 14 of the Singapore Code on Take-overs and Mergers. In particular, a Shareholder should note that he may be under an obligation to extend a take-over offer for the Company if:
- 4.6.1 he acquires, by participating in the HMI Scrip Dividend Scheme in relation to any dividend, whether at one (1) time or different times, Ordinary Shares which (taken together with Ordinary Shares held or acquired by him or persons acting in concert with him) carry 30% or more of the voting rights of the Company; or
- 4.6.2 he, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights of the Company and he, or any person acting in concert with him, acquires in any period of six (6) months additional Ordinary Shares carrying more than 1% of the voting rights of the Company by participating in the HMI Scrip Dividend Scheme in relation to any dividend.
- 4.7 **Overseas Shareholders.** For practical reasons and to avoid any violation of the securities laws applicable in countries outside Singapore where Shareholders may have their registered addresses, at the discretion of the Directors, Overseas Shareholders may not be eligible to participate in the HMI Scrip Dividend Scheme. No Overseas Shareholder shall have any claims whatsoever against the Company as a result of the HMI Scrip Dividend Scheme not applying to such Overseas Shareholder. Overseas Shareholders who wish to be eligible to participate in the HMI Scrip Dividend Scheme should provide an address in Singapore for the service of notices and documents by notifying the Company, c/o the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (or such other address as may be announced by the Company from time to time), or, if the Overseas Shareholder is a Depositor, CDP, at 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589

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(or such other address as may be announced by the Company from time to time) no later than three (3) Market Days prior to the Books Closure Date. Depositors should note that all correspondence and notices will be sent to their last registered addresses with CDP.

- 4.8 **Listing on the SGX-ST.** Approval in-principle has been granted by the SGX-ST for the listing of and quotation for the New Ordinary Shares to be issued pursuant to the HMI Scrip Dividend Scheme. Such approval is not to be taken as an indication of the merits of the proposed Scrip Dividend Scheme, the New Ordinary Shares or the Company and/or its subsidiaries.

It is expected that share certificates will be posted at the risk of those entitled or, as the case may be, the New Ordinary Shares will be credited to the relevant securities accounts of Depositors, on or about the payment date for the Qualifying Dividend, which shall be a date not less than 30 Market Days but not more than 35 Market Days after the Books Closure Date for that Qualifying Dividend.

- 4.9 **Taxation.** The Company takes no responsibility for the taxation liabilities of Shareholders who choose to participate in the HMI Scrip Dividend Scheme or the tax consequences of any election made by Shareholders. As individual circumstances and laws may vary considerably, specific taxation advice should be obtained by Shareholders if required. The Company accepts no responsibility for the correctness or accuracy of any information as to tax liability contained in the HMI Scrip Dividend Scheme Statement set out in Appendix 2 of this Circular.

Without prejudice to the foregoing paragraph, as a general indication, however, it is understood that as the date hereof, under the tax legislation in Singapore, the tax liability of a Shareholder will not alter, nor is there any advantage to be gained, by reason of having elected to participate in the HMI Scrip Dividend Scheme.

- 4.10 **Odd Lots.** A Shareholder who elects to receive New Ordinary Shares in lieu of the cash amount of the Qualifying Dividend may receive such New Ordinary Shares in odd lots.

- 4.11 **Modification and Termination.** The HMI Scrip Dividend Scheme may be modified or terminated at any time by the Directors as they deem fit on giving notice in writing to all Shareholders.

In the case of a modification, the HMI Scrip Dividend Scheme will continue as modified in relation to each Shareholder who has made a permanent election under the HMI Scrip Dividend Scheme unless and until the Company, or as the case may be, CDP (where the Shareholder is a Depositor) receives a notice of cancellation in respect of a Notice of Election submitted by the Shareholder.

- 4.12 **General.** It should be noted that the grant of the right to participate in the HMI Scrip Dividend Scheme to elect to receive New Ordinary Shares in lieu of cash in respect of any Qualifying Dividend is made to all Shareholders, including Directors and Substantial Shareholders of the Company who hold Ordinary Shares, subject to the restrictions referred to in paragraph 4.5 above.

In connection with the proposed issue of New Ordinary Shares in lieu of a cash Dividend, the Directors consider it appropriate to obtain the approval of Shareholders to the allotment and issue of such number of New Ordinary Shares, as may be required to be issued pursuant to the election by Shareholders under the HMI Scrip Dividend Scheme.

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5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 5.1 **Directors' Interests.** The interests of the Directors in the Ordinary Shares, as extracted from the Register of Directors' Shareholdings, as at the Latest Practicable Date are set out below:

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Ordinary Shares	% ⁽¹⁾	No. of Ordinary Shares	% ⁽¹⁾	No. of Ordinary Shares	% ⁽¹⁾
Dr. Gan See Khem ⁽²⁾	8,692,600	1.49	295,889,495	50.59	304,582,095	52.08
Ms. Chin Wei Jia	8,270,400	1.41	–	–	8,270,400	1.41
Mr. Chin Wei Yao	2,147,600	0.37	–	–	2,147,600	0.37
Dr. Cheah Way Mun	16,422,602	2.81	–	–	16,422,602	2.81
Professor Tan Chin Tiong	2,285,627	0.39	–	–	2,285,627	0.39
Professor Annie Koh	–	–	–	–	–	–

Notes:

- (1) Based on the total number of issued Shares of 584,882,686 (excluding 1,209,600 treasury shares) as at the Latest Practicable Date.
- (2) Dr. Gan See Khem is deemed to have an interest in the Shares held by Nam See Investment (Pte) Ltd, her spouse, Dr. Chin Koy Nam, and her children.

- 5.2 **Substantial Shareholders' Interests.** The interests of the Substantial Shareholders in the Ordinary Shares as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest		Total Interest	
	No. of Ordinary Shares	% ⁽¹⁾	No. of Ordinary Shares	% ⁽¹⁾	No. of Ordinary Shares	% ⁽¹⁾
Nam See Investment (Pte) Ltd	280,747,973	48.00	–	–	280,747,973	48.00
Dr. Chin Koy Nam ⁽²⁾	3,288,000	0.56	301,294,095	51.52	304,582,095	52.08
Kabouter Management, LLC ⁽³⁾	–	–	48,881,965	8.36	48,881,965	8.36

Notes:

- (1) Based on the total number of issued Shares of 584,882,686 (excluding 1,209,600 treasury shares) as at the Latest Practicable Date.
- (2) Dr. Chin Koy Nam is deemed to have an interest in the Shares held by Nam See Investment (Pte) Ltd, his spouse, Dr. Gan See Khem, and his children.
- (3) Kabouter Management, LLC's deemed interest in the Company is held through funds managed by Kabouter Management, LLC.

6. DIRECTORS' RECOMMENDATIONS

- 6.1 **Renewal of Share Buy Back Mandate.** The Directors are of the opinion that the proposed renewal of the Share Buy Back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 10, being the ordinary resolution relating to the proposed renewal of the Share Buy Back Mandate to be proposed at the AGM.
- 6.2 **The Proposed Alteration to the Constitution Relating to the HMI Scrip Dividend Scheme.** The Directors are of the opinion that the proposed alteration to the Constitution to facilitate the adoption and implementation of the HMI Scrip Dividend Scheme is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 11, being the special resolution relating to the proposed alteration to the Constitution to be proposed at the AGM.

LETTER TO SHAREHOLDERS

- 6.3 **The Proposed Authority to issue New Ordinary Shares pursuant to the HMI Scrip Dividend Scheme.** The Directors are of the opinion that the proposed authority to be given to Directors to issue New Ordinary Shares pursuant to the HMI Scrip Dividend Scheme is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 12, being the ordinary resolution relating to the proposed authority to be given to Directors to issue New Ordinary Shares pursuant to the HMI Scrip Dividend Scheme to be proposed at the AGM.

7. ANNUAL GENERAL MEETING

The AGM will be held at Hall 2, Level 1, Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, Singapore 609607 on 24 October 2016 at 4.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions and the special resolution set out in the Notice of AGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

- 8.1 **Appointment of Proxies.** Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf must complete, sign and return the Proxy Form attached to the Annual Report 2016 in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for the AGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.
- 8.2 **When Depositor regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the AGM.

9. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 7 Temasek Boulevard #12-10 Suntec Tower One Singapore 038987 during normal business hours from the date of this Circular up to the date of the AGM:

- 9.1 the consolidated audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2016;
- 9.2 the Constitution; and
- 9.3 the Circular.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Circular are fair and accurate and that there are no material facts the omission of which would make any statement in this Circular misleading.

Yours faithfully
for and on behalf of
the Board of Directors of
Health Management International Ltd

Dr. Gan See Khem
Executive Chairman and Managing Director

APPENDIX 1

THE PROPOSED ALTERATION TO THE CONSTITUTION RELATING TO THE HMI SCRIP DIVIDEND SCHEME

The alteration which is proposed to be made to the Constitution is set out below.

New Article 113A

By inserting new Article 113A immediately following Article 113 as follows:

- “113A (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 shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of shares of that class 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:
- (a) the basis of any such allotment shall be determined by the Directors;
 - (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of shares of the relevant class 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 elections 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 113A;
 - (c) 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; and
 - (d) 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 the shares of the relevant class in respect whereof the share election has been duly exercised (the “elected shares”) and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of Article 116, the Directors shall (i) capitalise and apply the sum standing to the credit of any of the Company’s reserve accounts or the sum standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares of the relevant class on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares of the relevant class towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.

APPENDIX 1

- (2) The shares of the relevant class allotted pursuant to the provisions of Article 113A(1) shall rank *pari passu* in all respects with the shares of the same class 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.
- (3) The Directors may, on any occasion when they resolve as provided in Article 113A(1), determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of 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 Article 113A shall be read and construed subject to such determination.
- (4) The Directors may, on any occasion when they resolve as provided in Article 113A(1), further determine that no allotment of shares or rights of election for shares under Article 113A(1) 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 is 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 113A(1) in relation to any dividend but prior to the allotment of shares of the relevant class 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 as they deem fit in the interest of the Company, cancel the proposed application of Article 113A(1).
- (6) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of Article 113A(1), with full power to make such provisions as they think fit in the case of fractional entitlements to shares of the relevant class (including, notwithstanding any provision to the contrary in these Articles, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the members)."

APPENDIX 2

THE PROPOSED HMI SCRIP DIVIDEND SCHEME STATEMENT

HMI Scrip Dividend Scheme Statement

This Statement contains the terms and conditions of the Health Management International Ltd Scrip Dividend Scheme (“**HMI Scrip Dividend Scheme**”) under which persons registered in the Register of Members of Health Management International Ltd (the “**Company**”) or, as the case may be, the Depository Register (as defined below) as the holders of fully paid ordinary shares in the Company (“**Shareholders**”) may elect to receive fully paid ordinary shares in the capital of the Company (“**Ordinary Shares**”) in lieu of the cash amount of any dividend (including any interim, final, special or other dividend) (“**Dividend**”) which is declared on the Ordinary Shares held by them.

Summary of Main Features

The HMI Scrip Dividend Scheme provides Shareholders with the option to elect to receive Ordinary Shares in lieu of the cash amount of any Dividend declared on their holding of Ordinary Shares.

Under the present law in Singapore, there is no brokerage, stamp duty or other transaction costs payable on Ordinary Shares, allotted under the HMI Scrip Dividend Scheme.

All Shareholders are eligible to participate in the HMI Scrip Dividend Scheme, subject to the restrictions on Overseas Shareholders (as defined below) more particularly described below and except for such other Shareholders or class of Shareholders, as the Directors of the Company (the “**Directors**”) may in their discretion decide.

Shareholders may elect to participate in respect of, as may be determined by the Directors in their discretion, all or part only of their holding of Ordinary Shares in respect of any Qualifying Dividend (as defined below) and may make a permanent election to participate in respect of all of their holding of Ordinary Shares for all future Qualifying Dividends. Shareholders receiving more than one (1) Notice of Election (as defined below) may elect to participate in respect of their holding of Ordinary Shares to which one (1) Notice of Election relates and elect not to participate in respect of their holding of Ordinary Shares to which any other Notice of Election relates. Where a permanent election has been made, participating Shareholders may, by giving the appropriate notice, cancel their participation and withdraw from the HMI Scrip Dividend Scheme. The cancellation of a permanent election by a Shareholder would not preclude him from making a fresh permanent election should he wish to do so at a later date.

The Directors may, in their absolute discretion, determine that the HMI Scrip Dividend Scheme will apply to any particular Dividend. An announcement will be made by the Company as soon as practicable following the determination by the Directors that the HMI Scrip Dividend Scheme is to apply to a particular Dividend, and in any event, by no later than the next Market Day (as defined below) immediately following the Books Closure Date (as defined below) in respect of that particular Dividend. Unless the Directors have determined that the HMI Scrip Dividend Scheme will apply to any particular Dividend, the Dividend concerned will be paid in cash to the Shareholders in the usual way.

APPENDIX 2

Ordinary Shares allotted under the HMI Scrip Dividend Scheme will rank *pari passu* in all respects with the Ordinary Shares then in issue save only as regards participation in the Qualifying Dividend which is the subject of the election (including the right to make any election pursuant to the HMI Scrip Dividend Scheme) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the Qualifying Dividend which is the subject of the election, unless the Directors shall otherwise specify.

Participation in the HMI Scrip Dividend Scheme is optional and is not transferable.

How to Join

A Shareholder wishing to receive Ordinary Shares in respect of any Qualifying Dividend or to make a permanent election to receive Ordinary Shares in respect of all future Qualifying Dividends to which a Notice of Election received by him relates should complete such Notice of Election and return it to the Company at the address indicated on the Notice of Election or, if the Shareholder is a depositor (as defined below), to CDP (as defined below). A Shareholder receiving more than one (1) Notice of Election and wishing to receive Ordinary Shares in respect of all of his entitlement to the Qualifying Dividend in respect of all his holding of Ordinary Shares or to make a permanent election to receive Ordinary Shares in respect of all future Qualifying Dividends must complete all the Notices of Election received by him and return the completed Notices of Election to the Company and/or CDP, as the case may be.

To be effective in respect of any Qualifying Dividend to which a Notice of Election relates, such duly completed Notice of Election must be received by the Company or (as the case may be) CDP no later than the date to be specified by the Directors in respect of that Qualifying Dividend.

Terms and Conditions of the HMI Scrip Dividend Scheme

1. Establishment

The HMI Scrip Dividend Scheme has been established by the Directors.

2. Terms and Condition

The following are the Terms and Conditions of the HMI Scrip Dividend Scheme. In these Terms and Conditions:

- (1) “**Act**” shall mean the Companies Act, Chapter 50 of Singapore, as amended from time to time;
- (2) “**Books Closure Date**” shall mean the date to be determined by the Directors on which the Transfer Books and Register of Members of the Company will be closed for the purpose of determining the entitlements of Shareholders to a Dividend and is the day immediately preceding the first day of the Books Closure Period;
- (3) “**Books Closure Period**” shall mean the period to be determined by the Directors during which the Transfer Books and Register of Members of the Company will be closed for the purpose of determining the entitlements of Shareholders to a Dividend;
- (4) “**CDP**” shall mean The Central Depository (Pte) Limited;

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- (5) “**depositor**”, “**depository agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in the Securities and Futures Act, Chapter 289 of Singapore, as amended from time to time;
- (6) “**Market Day**” shall mean a day on which the SGX-ST is open for trading in securities;
- (7) “**Qualifying Dividend**” shall mean any Dividend to which the HMI Scrip Dividend Scheme (as determined by the Directors as provided below) applies; and
- (8) “**SGX-ST**” shall mean Singapore Exchange Securities Trading Limited or any successor entity thereto.

3. **Eligibility**

All Shareholders are eligible to participate in the HMI Scrip Dividend Scheme subject to the restrictions on Overseas Shareholders, more particularly described below, and except that participation in the HMI Scrip Dividend Scheme shall not be available to such Shareholders or class of Shareholders, as the Directors may in their discretion determine, and further subject to the requirement that such participation by the Shareholder will not result in a breach of any other restriction on such Shareholder’s holding of Ordinary Shares, which may be imposed by any statute, law or regulation in force in Singapore or any other relevant jurisdiction, or by the Constitution of the Company (the “**Constitution**”).

4. **Overseas Shareholders**

For practical reasons and to avoid any violation of the securities laws applicable in countries outside Singapore where Shareholders may have their registered addresses, the HMI Scrip Dividend Scheme may, at the discretion of the Directors, not be offered to Shareholders with registered addresses outside Singapore and who have not provided to the Company or (as the case may be) CDP, not later than three (3) Market Days prior to the Books Closure Date, addresses in Singapore for the service of notices and documents (“**Overseas Shareholders**”).

No Overseas Shareholder shall have any claim whatsoever against the Company, the Company’s share registrar, CDP or any of their respective agents as a result of the HMI Scrip Dividend Scheme not being offered to such Overseas Shareholders.

If the Directors have decided not to offer the HMI Scrip Dividend Scheme to Overseas Shareholders, Overseas Shareholders who receive or come to have in their possession this Statement and/or a Notice of Election may not treat the same as an invitation to them and are advised to inform themselves of, and to observe, any prohibitions and restrictions, and to comply with any applicable laws and regulations relating to the HMI Scrip Dividend Scheme as may be applicable to them.

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Overseas Shareholders who wish to be eligible to participate in the HMI Scrip Dividend Scheme may provide an address in Singapore for the service of notices and documents by notifying the Company c/o the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (or such other address as may be announced by the Company from time to time), or if the Overseas Shareholder is a depositor, to CDP currently at 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589 (or such other address as may be announced by the Company from time to time) not later than three (3) Market Days prior to the Books Closure Date. Shareholders, should note that all correspondence and notices will be sent to their last registered addresses with the Company or, as the case may be, CDP.

5. **Level of Participation**

A member, including one who is a depository agent or nominee company of a bank, merchant bank, stockbroker or other financial institution, holding Ordinary Shares as custodian may elect to participate in the HMI Scrip Dividend Scheme ("**Participating Shareholder**") in respect of all or, at the discretion of the Directors, part only of his or its holding of Ordinary Shares as at each Books Closure Date to which each Notice of Election received by him or it relates for a Qualifying Dividend ("**Participating Shares**").

6. **Permanent Election**

Any permanent election to participate in the HMI Scrip Dividend Scheme is personal to the Shareholder.

A Shareholder may make a permanent election in the manner set out below for participation in respect of all future Qualifying Dividends, and where a permanent election in respect of his holdings of Ordinary Shares to which a Notice of Election has been made, unless and until a notice of cancellation in such form as the Directors may approve ("**Notice of Cancellation**") in relation to such Notice of Election is received by the Company or (as the case may be) CDP as provided below, the permanent election shall be effective for all future Qualifying Dividends in respect of such Notice of Election. A notice of cancellation of participation in the HMI Scrip Dividend Scheme on any other form will not be accepted by the Company or (as the case may be) CDP.

7. **Notice of Election to Participate**

The Company will, at its discretion, send to each Shareholder one (1) or more notices of election (in such form as the Directors may approve) ("**Notices of Election**") unless a permanent election in respect of such Notice of Election has been made.

To be effective in respect of any Qualifying Dividend (unless a permanent election has already been made), a Notice of Election must be received by the Company or, in the case of a Notice of Election being submitted by a Shareholder who is a depositor, by CDP, by the date to be specified by the Directors in respect of that Qualifying Dividend in the manner described in the Notice of Election.

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A Shareholder receiving two (2) or more Notices of Election and wishing to receive Ordinary Shares, in respect of all of his entitlement to the Qualifying Dividend in respect of all his holding of Ordinary Shares, must complete all the Notices of Election received by him and return the completed Notices of Election to the Company and/or CDP, as the case may be. A notice of election to participate in the HMI Scrip Dividend Scheme on any other form will not be accepted by the Company or (as the case may be) CDP.

If a Notice of Election in relation to a permanent election is received after the date specified by the Directors for any particular Qualifying Dividend, the Notice of Election will not, unless otherwise determined by the Directors, be effective for that Qualifying Dividend or for any future Qualifying Dividends in respect of such Notice of Election.

A Notice of Election (other than in relation to a permanent election) in respect of any Qualifying Dividend shall not, upon its receipt by the Company or (as the case may be) CDP, be withdrawn or cancelled.

A permanent election made in the Notice of Election will remain in force until cancelled in the manner provided below or until it becomes ineffective as provided in these Terms and Conditions. A Shareholder receiving more than one (1) Notice of Election and wishing to make a permanent election in respect of all his holding of Ordinary Shares, must complete all the Notices of Election received by him and return the Notices of Election to the Company and/or CDP, as the case may be.

8. Extent of Application of the HMI Scrip Dividend Scheme to each Dividend

The Directors may, in their absolute discretion, in respect of any Dividend, determine whether the HMI Scrip Dividend Scheme shall apply to such Dividend. If, in their absolute discretion, the Directors have not determined that the HMI Scrip Dividend Scheme is to apply to a Dividend, such Dividend shall be paid in cash to Shareholders in the usual way.

9. Share Entitlement

By electing to participate in the HMI Scrip Dividend Scheme in respect of any Notice of Election received by him, a Shareholder elects in respect of any Qualifying Dividend to which such Notice of Election relates to receive Ordinary Shares in lieu of the cash amount of the Qualifying Dividend.

In respect of any Qualifying Dividend, the number of Ordinary Shares to be allotted and issued to the Participating Shareholder electing to receive Ordinary Shares in respect of a Notice of Election shall be calculated in accordance with the following formula:

$$N = \frac{S \times D}{V}$$

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Where:

- N is the number of Ordinary Shares to be allotted and issued as fully paid to the Participating Shareholder in respect of such Notice of Election.
- S is the number of Participating Shares held by the Participating Shareholder as at the Books Closure Date for which such Notice of Election relates.
- D is the amount of the Qualifying Dividend to which such Notice of Election relates expressed in cents and fractions of a cent per Participating Share.
- V is the issue price of an Ordinary Share which shall for the purpose of calculating the number of Ordinary Shares to be allotted and issued as fully paid to a Participating Shareholder, pursuant to the HMI Scrip Dividend Scheme, be an amount in Singapore Dollars determined by the Directors (the **"Relevant Amount"**), which Relevant Amount shall not be set at more than 10% discount to, nor shall it exceed the average of the last dealt prices of one (1) Ordinary Share on the SGX-ST for each of the Market Days during such period as may be determined by the Directors prior to the announcement of the application of the HMI Scrip Dividend Scheme to such Dividend (the **"Price Determination Period"**). In the event that there is no trading in the Ordinary Shares during the Price Determination Period, the Relevant Amount shall not exceed the average of the last dealt prices of the Ordinary Share on the SGX-ST for each of the Market Days during a period of five (5) Market Days preceding the Price Determination Period.

The Directors shall have full power to make such provisions as they think fit where the number of Ordinary Shares calculated in accordance with the above formula becomes attributable in fractions, including provisions whereby fractional entitlements are rounded up to the nearest whole number or otherwise dealt with in such manner as they may deem fit in the interests of the Company and as may be acceptable to the SGX-ST

10. **Terms of Allotment**

All Ordinary Shares allotted under the HMI Scrip Dividend Scheme will be allotted as fully paid.

All such Ordinary Shares shall rank *pari passu* in all respects with all existing Ordinary Shares, then in issue save only as regards participation in the Qualifying Dividend which is the subject of the election (including the right to make any election pursuant to the HMI Scrip Dividend Scheme) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the Qualifying Dividend which is the subject of the election, unless the Directors shall otherwise specify.

Participating Shareholders who are depositors will have the Ordinary Shares credited to their CDP accounts. In other cases, certificates for the Ordinary Shares will be despatched to Shareholders, at their risk, at their registered addresses in Singapore.

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11. **Cost to Participants**

Under present law in Singapore, brokerage or other transaction costs and stamp duty will not be payable by Participating Shareholders on Ordinary Shares allotted under the HMI Scrip Dividend Scheme.

12. **Cancellation of Participation**

A Participating Shareholder may cancel his permanent election to participate in the HMI Scrip Dividend Scheme in relation to any Notice of Election by completing and returning to the Company or (as the case may be) CDP, a Notice of Cancellation in such form as the Directors may approve (a notice of cancellation of participation in the HMI Scrip Dividend Scheme in any other form will not be accepted by the Company) in relation to such Notice of Election.

To be effective in respect of any Qualifying Dividend, the Notice of Cancellation must be received by the Company or (as the case may be) CDP, by the date to be specified by the Directors for that Qualifying Dividend, failing which the Notice of Cancellation will not, unless otherwise determined by the Directors, be effective for that Qualifying Dividend or for any future Qualifying Dividends in respect of such Notice of Election.

Where a Participating Shareholder gives notice to the Company or, if the Participating Shareholder is a depositor, to CDP, of a change of his registered address for the service of notices and documents from an address within Singapore to an address outside Singapore, he shall thereupon be considered an Overseas Shareholder. Any permanent election to participate in the HMI Scrip Dividend Scheme by such Participating Shareholder shall be deemed to have been cancelled by him upon receipt by the Company or CDP of such change of address notification.

If a Participating Shareholder, who is an individual, dies, any permanent election to participate in the HMI Scrip Dividend Scheme by that Shareholder will cease upon receipt by the Company or, if that Shareholder is a depositor, by CDP, of notice of the death acceptable to the Company or, as the case may be, CDP or at such later date as the Directors in their discretion, upon request from the personal representative(s) of the deceased Participating Shareholder, may determine. If the personal representative(s) of a deceased Shareholder wishes to participate in the HMI Scrip Dividend Scheme in respect of any Qualifying Dividend or in respect of all future Qualifying Dividends in relation to the Ordinary Shares forming part of the estate of the deceased Shareholder, the relevant Notices of Election must be submitted by such personal representative(s) in accordance with these Terms and Conditions.

If a Shareholder becomes bankrupt or, in the case where the Shareholder is a company, is wound up, any permanent election to participate in the HMI Scrip Dividend Scheme by that Shareholder will cease upon receipt by the Company or, if the Shareholder is a depositor, by CDP of notice of the bankruptcy or, as the case may be, the winding up.

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13. Cancellation of Application of the HMI Scrip Dividend Scheme

Notwithstanding any provision in these Terms and Conditions, if at any time after the Directors have determined that the HMI Scrip Dividend Scheme shall apply to any particular Dividend and before the allotment and issue of Ordinary Shares in respect of the Dividend, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such determination) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement the HMI Scrip Dividend Scheme in respect of the Dividend, the Directors may, at their absolute discretion and as they may deem fit in the interest of the Company and without assigning any reason therefor, cancel the application of the HMI Scrip Dividend Scheme to the Dividend. In such event, the Dividend shall be paid in cash to Shareholders, in the usual way.

14. Placement Arrangements

The Company may, from time to time and on such terms and conditions as the Directors in their absolute discretion deem fit, enter into arrangements for the placement, whether on an underwritten basis or otherwise, of all or part of any Relevant Shares (as defined below) to investors.

“**Relevant Shares**” means, in relation to any Qualifying Dividend, new Ordinary Shares which are not taken up by Shareholders because they either have elected to receive their entitlements to that Qualifying Dividend in cash or are not eligible to elect to receive such entitlements in the form of new Ordinary Shares.

15. Modification and Termination of the HMI Scrip Dividend Scheme

The HMI Scrip Dividend Scheme may be modified or terminated at any time by the Directors.

In the case of a modification, the HMI Scrip Dividend Scheme will continue as modified in relation to each Shareholder who has made a permanent election under the HMI Scrip Dividend Scheme unless and until the Company or, if the Shareholder is a depositor, CDP receives a Notice of Cancellation in respect of a Notice of Election submitted by such Shareholder from him or it in accordance with these Terms and Conditions.

16. Governing Law and Jurisdiction

This Statement, the HMI Scrip Dividend Scheme and the Terms and Conditions thereof shall be governed by, and construed in accordance with, the laws of Singapore and each Shareholder submits to the exclusive jurisdiction of the Singapore courts.

17. Exclusive of Third Party Rights

A person who is not a party to these Terms and Conditions has no right under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce against the Company any of these Terms and Conditions.

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18. Notice and Statements

Unless otherwise provided in these Terms and Conditions, any notices, documents and statements required to be given by the Company to a Shareholder shall be given in accordance with the applicable provisions of the Constitution.

19. Collection, Use and Disclosure of Personal Data

For the purposes of implementing and administering the HMI Scrip Dividend Scheme, and in order to comply with any applicable laws, listing rules, regulations and/or guidelines, the Company will collect, use and disclose the personal data of Shareholders participating in the HMI Scrip Dividend Scheme, as contained in each notice or communication given or received pursuant to the HMI Scrip Dividend Scheme, and/or which is otherwise collected from such Shareholders (or their authorised representatives). By participating in the HMI Scrip Dividend Scheme, each such Shareholder consents to the collection, use and disclosure of his personal data for all such purposes, including disclosure of data to related corporations of the Company and/or third parties who provide services to the Company, and to the collection, use and further disclosure by such parties for such purposes.

SGX-ST Listing

The Ordinary Shares to be allotted under the HMI Scrip Dividend Scheme have in-principle been accepted for listing by the SGX-ST and will be quoted upon completion of allotment procedures. However, the SGX-ST accepts no responsibility for any statement in this Statement. Such approval is not to be taken as an indication of the merits of the HMI Scrip Dividend Scheme, the Ordinary Shares of the Company and/or its subsidiaries.

Taxation

The Company takes no responsibility for the taxation liabilities of Participating Shareholders or the tax consequences of any election made by Shareholders. As individual circumstances and laws vary considerably, specific taxation advice should be obtained by Shareholders if required.

The Company accepts no responsibility for the correctness or accuracy of any information as to taxation liability set out in this Statement.

As a general indication, however, it is understood that as at the date of this Statement, under tax legislation in Singapore, the tax liability of a Shareholder will not alter, nor is there any tax advantage to be gained, by reason of having elected to participate in the HMI Scrip Dividend Scheme.

Other Terms

The Ordinary Shares are offered on the terms and conditions set out in this Statement and in the applicable provisions of the Constitution. There are no other terms other than those implied by law or set out in publicly registered documents.

Enquiries

Enquiries about any aspect of the HMI Scrip Dividend Scheme should be directed to:

Boardroom Corporate & Advisory Services Pte. Ltd
50 Raffles Place
#32-01
Singapore Land Tower
Singapore 048623

APPENDIX 2

Responsibility Statement

Notwithstanding anything in this Statement or in any of the documents to be issued by the Company or CDP in connection with the HMI Scrip Dividend Scheme, neither the Company nor any officer, agent or representative of the Company shall under any circumstances whatsoever be liable or responsible to any Shareholder or Participating Shareholder for any liability, loss, damage, cost or expense (collectively, “**Loss**”) or alleged Loss in connection with or as a result, directly or indirectly, of the establishment or operation of the HMI Scrip Dividend Scheme or his participation in the HMI Scrip Dividend Scheme or in relation to any matter whatsoever in connection with the HMI Scrip Dividend Scheme, including without limitation any delay in allotting or issuing any Ordinary Shares or applying for their listing. No representation or warranty is given in respect of any Ordinary Shares, the Company or its subsidiaries or associated companies, or that listing approval for the Ordinary Shares will be obtained.

This Statement has been seen and approved by all the Directors and they collectively and individually accept responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no material facts the omission of which would make any statement in this Statement misleading.