HEALTH MANAGEMENT INTERNATIONAL LTD
(Company Registration No. 199805241E)
(Incorporated in the Republic of Singapore)

REVERSAL OF PREVIOUS ASSETS RESTRUCTURING - PROPOSED ACQUISITION BY MAHKOTA MEDICAL CENTRE SDN. BHD. OF PROPERTIES

1. INTRODUCTION

The Board of Directors (the "**Board**") of Health Management International Ltd (the "**Company**" together with its subsidiaries, the "**Group**") wishes to announce that a subsidiary of the Company, Mahkota Medical Centre Sdn. Bhd. ("**MMCSB**"), has entered into termination agreements ("**TAs**") dated 13 March 2015 with several associated companies of the Company, namely Mahkota Commercial Sdn. Bhd. ("**MCSB**"), Pancastle Sdn. Bhd. ("**PSB**") and Raspuri Sdn. Bhd. ("**RSB**") (collectively referred to as the "**Property Holding Companies**") to, *inter alia,* terminate sale and purchase agreements ("**SPAs**") entered into by MMCSB and the Property Holding Companies, in relation to the assets restructuring undertaken by the Group between 2000 and 2004 (the "**Previous Assets Restructuring**").

As consideration for the return of the Properties (as defined below) by the Property Holding Companies to MMCSB, MMCSB will refund the consideration of RM40,827,568 (the "**Consideration**") that it has received for the Properties to the Property Holding Companies.

2. BACKGROUND

2.1 The Previous Assets Restructuring

As part of the Previous Assets Restructuring, MMCSB entered into the SPAs to transfer, amongst others, medical, hospital services and commercial units within the Mahkota Medical Centre ("**Mahkota Medical Centre**") situated at No. 3 Mahkota Melaka, Jalan Merdeka, 75000 Melaka, Malaysia (the "**Properties**") to the Property Holding Companies. Subsequently, strata titles in respect of the Properties were issued by the relevant authorities and registered in the name of MMCSB on 26 November 2013.

2.2 Restrictions on Foreign Owned Companies

Pursuant to the Melaka State Guidelines on Acquisition of Properties by Foreign Interests (the "**Guidelines**"), written consent is required from the State Authority of Malaysia (the "**State Authority**") for any transfer of properties in favour of foreign owned companies. On 1 January 2014, the Guidelines imposed new restrictions on, amongst others, foreign owned companies acquiring more than three (3) units of commercial properties in Melaka. As the Property Holding Companies are foreign owned companies and MCSB and PSB beneficially own more than three (3) units each in respect of the Properties, MCSB and PSB may not be able to obtain consent of the State Authority to transfer the same in their favour.

2.3 Rationale for the Proposed Acquisition

As at the date of this announcement, the strata titles are registered in the name of MMCSB and have not been legally transferred to the Property Holding Companies. Due to the abovementioned restrictions in Melaka, the Board is of the view that, amongst others, the requirement for a written consent from the State Authority may delay the transfer of the strata titles to the Property Holding Companies. Accordingly, the Board has reconsidered the Previous Assets Restructuring and decided that it will be in the best interest of the Group for MMCSB to mutually terminate the SPAs with the Properties Holding Companies.

3. INFORMATION ON MMCSB, THE PROPERTY HOLDING COMPANIES AND THE PROPERTIES

3.1 Information on MMCSB and the Property Holding Companies

MMCSB is a private company limited by shares incorporated in Malaysia and principally engages in the provision of hospital and healthcare services in Melaka, Malaysia. The Company holds 14,684,354 ordinary shares in MMCSB, representing 48.95% of the issued share capital in MMCSB.

MCSB is a private company limited by shares incorporated in Malaysia and principally engages in the provision of property investment in Melaka, Malaysia. The Company holds 48,948 ordinary shares in MCSB, representing 48.95% of the issued share capital in MCSB. Both PSB and RSB are private companies limited by shares incorporated in Malaysia and principally engage in the provision of property investment in Melaka, Malaysia. PSB and RSB are wholly-owned subsidiaries of MCSB.

3.2 Information on the Properties

The Properties are commercial properties being leased by MMCSB from the Property Holding Companies for the provision of, amongst others, hospital and healthcare services. After the Proposed Acquisition (as defined below), the Properties will continue to be used by the Group for its current and future purposes.

4. REFUND OF CONSIDERATION

MMCSB will refund the Consideration through internal resources, with a combination of cash, bank borrowings and/or deduction against inter-companies loans within the Group.

5. RELATIVE FIGURES OF THE PROPOSED ACQUISITION UNDER CHAPTER 10 OF THE LISTING MANUAL OF SGX-ST

Prior to the date of this announcement, MMCSB has, in accordance with the Singapore Financial Reporting Standards (the "**SFRS**"), recognised the transfer of the Properties to the Property Holding Companies. As such, the restoration of MMCSB's ownership of the Properties is a "**Proposed Acquisition**" for the purposes of Chapter 10 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

Based on the Group's unaudited financial statements for the first half financial period ended 31 December 2014, the relative figures the Proposed Acquisition computed on the bases set out in the Rule 1006 of the Listing Manual are as follows:

Listing Rule	Bases	Relative Figures
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not Applicable
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not Applicable
1006(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the number of issued shares excluding treasury shares.	8.15%[(i)(ii)]
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition,	Not Applicable

	compared with the number of equity securities previously in issue.	
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.	Not Applicable

Notes:

(i) The Consideration is equivalent to S$15,327,735 based on the exchange rate of S$1 : RM$2.66364

(ii) The market capitalisation of the Company as at 12 March 2015, being the last market day immediately preceding the date of the TAs is S$187,973,313 based on total number of 577,071,286 issued shares as at 12 March 2015 and the weighted average price of the shares of S$0.326 per share traded on 12 March 2015.

As the relative figure computed on the base set out in Rule 1006(c) of the Listing Manual exceeds 5% but does not exceed 20%, the Proposed Acquisition constitutes a discloseable transaction under Chapter 10 of the Listing Manual.

6. FINANCIAL EFFECTS OF PROPOSED ACQUISITION

The *pro forma* financial effects of the Proposed Acquisition on the net tangible assets value ("**NTA**") and earnings per share ("**EPS**") of the Group have been prepared based on the audited financial statements of the Group for the financial year ended 30 June 2014. These *pro forma* financial effects are purely for illustrative purposes only and do not reflect the future actual financial position and results of the Group after the completion of the Proposed Acquisition.

6.1 Net Tangible Assets

Assuming the Proposed Acquisition had been completed on 30 June 2014, the *pro forma* financial effects of the Proposed Acquisition on the NTA per share of the Group would have been as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Net Tangible Assets (RM'000)	152,193	152,193
Number of Issued Shares excluding Treasury Shares	577,071,286	577,071,286
Net Tangible Assets per Share (cents)	26.4	26.4

6.2 Earnings Per Share

Assuming the Proposed Acquisition had been completed on 1 July 2013, the *pro forma* financial effects of the Proposed Acquisition on the EPS of the Group would have been as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Net Profit Attributable to Equity Holders of the Company (RM'000)	16,207	16,033

Weighted Average Number of Issued Shares	577,071,286	577,071,286
Earnings per Share (cents)	2.81	2.78

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Dr Cheah Way Mun ("**Dr Cheah**"), an Independent and Non-Executive Director of the Company, is a director and a shareholder of Senipuri Emas Sdn Bhd ("**SSB**"), being shareholder holding 12.45% in MMCSB. As the date of announcement, Dr Cheah holds 37,500 ordinary shares, representing a 15% interest in SSB.

Save for the above disclosure and their respective shareholdings in the Company, none of the directors and/or controlling shareholders of the Company have any interest, direct or indirect, in the Proposed Acquisition.

8. SERVICE AGREEMENTS

No person will be appointed to the Board of the Company in connection with the Proposed Acquisition and no service contracts in relation thereto will be entered into by the Company.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the TAs and the SPAs will be made available for inspection during normal business hours at the registered office of the Company at 167 Jalan Bukit Merah, #05-10 Connection One, Singapore 150167 for a period of three months commencing from the date of this announcement.

For and on behalf of the Board

Dr Gan See Khem
Executive Chairman and Managing Director

13 March 2015