PRESS RELEASE **25 August 2016**

HMI achieves strong operational performance for FY2016; declares dividend of 0.75 RM cents per share

Highlights

- Strong year-on-year revenue growth of 15% and gross profit margin expands to 32.6%
- Re-design of initially planned medical block at Regency into hospital extension block due to strong patient demand

FINANCIAL HIGHLIGHTS	4Q2016 RM'000	4Q2015 RM'000	Change %	FY2016 RM'000	FY2015 RM'000	Change %
Revenue	106,230	95,341	11	397,810	345,224	15
Gross Profit	35,134	26,770	31	129,777	103,058	26
Gross Profit Margin (%)	*33.1*	*28.1*	*5.0 pts*	*32.6*	*29.9*	*2.7 pts*
Profit before Tax	14,375	14,130	2	63,382	54,763	16
Profit after Tax	10,486	19,684	(47)	45,451	53,357	(15)
Net Profit Attributable to Equity Holders (PATMI)	4,873	7,833	(38)	19,899	27,643	(28)
Basic Earnings per Share (cents)	0.85	1.36	(38)	3.45	4.79	(28)

SINGAPORE – **25 August 2016** - **Health Management International Ltd** ("**HMI**" or the "**Group**"), a growing regional private healthcare provider, today reported a record revenue of RM 397.8 million for the full year ended 30 June 2016 ("**FY2016**"), representing a 15% year-on-year ("**y-o-y**") increase from a year ago ("**FY2015**"). The increase was mainly driven by higher patient load and average bill sizes in its two tertiary hospitals in Malaysia – the 288 bed capacity Mahkota Medical Centre ("**Mahkota**") and the 218 bed capacity Regency Specialist Hospital ("**Regency**"). The Group's education business also contributed to the topline on higher student headcount.

Gross profit margin expanded by 2.7 percentage points to 32.6% in FY2016 as a result of higher revenue intensity in both hospitals and better cost management, but partially offset by higher expenses arising from non-recoverable input Goods and Services Tax.

In line with the revenue growth, profit before tax for the year rose 16% y-o-y to RM 63.4 million. Due to the higher tax expenses arising from a one-off recognition of deferred tax assets of RM 9.0 million last year, as well as the subsequent utilisation of RM 5.5 million of deferred tax assets by Regency in FY2016, net profit after tax was 15% lower from RM 53.4 million in FY2015 to RM 45.5 million in FY2016. Excluding the impact from deferred taxes, net profit after tax would have been 15% higher at RM 51.0 million in FY2016, compared to net profit after tax of RM 44.4 million in FY2015 on an adjusted basis.

As a result, HMI posted lower net profit attributable to equity holders ("**PATMI**") of RM 19.9 million in FY2016 compared to RM 27.6 million in the previous year, mainly impacted by deferred tax assets as well as higher general operating costs. Excluding the impact from deferred taxes, FY2016 adjusted PATMI would have been RM 23.3 million, a 5% increase from FY2015 adjusted PATMI of RM 22.1 million.

Cash flow generated from operating activities jumped 65% y-o-y to RM 79.2 million in FY2016, due to better business performance and cash management. The Group's balance sheet remained robust with cash and cash equivalents doubling to RM 78.9 million as at 30 June 2016 as compared to RM 39.1 million as at 30 June 2015.

Operational Updates

Mahkota Medical Centre

Operational performance at Mahkota continued to be robust with y-o-y growth in revenue and patient load. In line with Mahkota's well-regarded brand as a quality healthcare provider in the region, the hospital was conferred the "Malaysia Medical Tourism Hospital of the Year" award by Frost & Sullivan for the second consecutive year in 2016. To cater to a growing number of patients, the hospital added a new day surgery centre during the year and expanded its cancer programme at the Mahkota Cancer Centre to include nuclear medicine services through the addition of a Positron Emission Tomography ("PET") scanner. Going forward, Mahkota is also planning to increase inpatient bed capacity in 2017.

Regency Specialist Hospital

Continuing its fast pace growth in revenue and patient volume, Regency is focused on expanding its range of specialist healthcare offerings, increasing capacity and strengthening its roots with the local community. Initial plans for construction of the new medical block (with mainly clinic suites) at Regency has been re-designed to become a hospital extension project due to the strong patient demand. This expansion will more than double existing capacity with more inpatient beds, clinical services areas, operating theatre capacity as well as clinic suites for sale or rental to doctors. Construction is expected to commence in 2017 and is expected to be completed in two and a half years.

Looking ahead

A healthy rising trend in domestic insurance penetration, an ageing population and increasing regional connectivity are expected to further the growth of private healthcare services in Malaysia, with BMI Research forecasting health expenditure to grow 7.9% per annum from 2016 to 2020. In addition, Malaysia is an attractive destination for medical tourists due to availability of medical personnel, high quality facilities and cost competitiveness. According to Frost & Sullivan, Malaysia's medical tourism market is set to grow at a forecasted CAGR of 18.5% between 2014 and 2020. In accordance with Malaysia's country development paper, the 11th Malaysia Plan, the government aims to develop Johor, Malacca and Penang into medical tourism hubs.

HMI Group Chief Executive Officer, Ms Chin Wei Jia, said, "Both Mahkota and Regency are strategically located and established in areas where government efforts are focused to develop into key medical tourism hubs. Currently, more than 20% of our total patient load is from overseas. Mahkota was an early mover in medical tourism since 1999 and today, captures approximately 10% of the total Malaysian medical tourism market as a stand-alone hospital. We are also excited about the growth potential of Regency and plan to more than double existing capacity to capture patient load, both locally and from overseas. In addition, with our healthy set of results, the Group is pleased to propose a final cash dividend of 0.75 RM cents per share for FY2016, which translates to a payout ratio of 22% of PATMI."

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About Health Management International Ltd

Health Management International Ltd ("HMI" or the "Group") is a growing private healthcare provider with presence in Singapore, Malaysia and Indonesia. The Group's key assets comprise of two tertiary hospitals in Malaysia, the 288 bed capacity Mahkota Medical Centre ("Mahkota") in Malacca and the 218 bed capacity Regency Specialist Hospital ("Regency") in Johor. The Group also owns and operates the HMI Institute of Health Sciences in Singapore.

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

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