

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

PROPOSED SCRIP DIVIDEND SCHEME

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Health Management International Ltd (the “**Company**”) is pleased to announce the adoption of a scrip dividend scheme by the Company, which will be called the Health Management International Ltd Scrip Dividend Scheme (the “**Scrip Dividend Scheme**”).

Under the terms and conditions of the Scrip Dividend Scheme (the “**Terms and Conditions**”), if the Board has determined that the Scrip Dividend Scheme will apply to any distribution of dividend (including any interim, final, special or other dividend) (“**Dividend**”), persons registered in the Register of Members of the Company or, as the case may be, the Depository Register (“**Shareholders**”) as the holders of fully paid ordinary shares in the Company (“**Shares**”) may elect to receive fully paid new Shares (“**New Shares**”) in lieu of the cash amount of any Dividend which is declared on the Shares held by them.

The implementation of the Scrip Dividend Scheme is subject to and contingent upon receipt of the requisite Shareholders’ approval mentioned in paragraph 5 below. General information about the Scrip Dividend Scheme is set out in paragraph 4 below.

For the purpose of this Announcement, unless otherwise defined:

“**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.

“**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.

“**CDP**” means The Central Depository (Pte) Limited and 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.

“**Market Day**” shall mean a day on which the Singapore Exchange Securities Trading Limited is open for trading in securities.

“**SGX-ST**” means Singapore Exchange Securities Trading Limited.

2. RATIONALE AND PURPOSE OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme, if and when applied to any particular Dividend, will provide an opportunity for Shareholders to elect to receive a Dividend in the form of New Shares instead of cash.

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

3. THE TERMS AND CONDITIONS

The Terms and Conditions will be set out in the Scrip Dividend Scheme Statement, which will be appended to the circular to be despatched to Shareholders (the "**Circular**").

4. GENERAL INFORMATION

4.1 Eligibility

All Shareholders are eligible to participate in the Scrip Dividend Scheme, subject to the restrictions on Overseas Shareholders (as defined below) and except that participation in the 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 any Shareholder will not result in a breach of any other restriction on such Shareholder's holding of 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.

4.2 Extent of Application of the Scrip Dividend Scheme to each Dividend

The Directors may, in their absolute discretion, determine that the 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 Scrip Dividend Scheme is to apply to a particular Dividend, and in any event, by no later than the next Market Day immediately following the Books Closure Date in respect of that particular Dividend. Unless the Directors have determined that the Scrip Dividend Scheme will apply to any particular Dividend, the Dividend concerned will be paid in cash to the Shareholders in the usual way.

4.3 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, Shareholders with registered addresses outside Singapore and who have not provided the Company or the CDP, not later than three (3) Market Days prior to the Book Closure Date for a relevant Dividend with addresses in Singapore for service of notices and documents ("**Overseas Shareholders**"), may not be eligible to participate in the Scrip Dividend Scheme. No

Overseas Shareholder shall have any claims whatsoever against the Company as a result of the Scrip Dividend Scheme not applying to such Overseas Shareholder.

Overseas Shareholders who are not participating in the Scrip Dividend Scheme and who receive or come to have in their possession 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 Scrip Dividend Scheme as may be applicable to them.

Overseas Shareholders who wish to be eligible to participate in the 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, to CDP, currently at 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589, 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.

4.4 Taxation

The Company takes no responsibility for the taxation liabilities of Shareholders participating in the Scrip Dividend Scheme or the tax consequences of any election made by such 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 Announcement or the Scrip Dividend Scheme Statement.

As a general indication, however, it is understood that as at the date of this Announcement, 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 Scrip Dividend Scheme.

4.5 Odd Lots

A Shareholder who elects to receive New Shares in lieu of the cash amount of a Dividend may receive such New Shares in odd lots.

4.6 Fractional Entitlements

Fractional entitlements to the New 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.

4.7 Obligations under Take-over Code

The attention of Shareholders is drawn to Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Take-over Code**"). In particular, a Shareholder should note that he may be under an obligation to extend a take-over for the Company if:

- (a) he acquires, by participating in the Scrip Dividend Scheme in relation to any Dividend to which the Scrip Dividend Scheme applies, whether at one time or different times, New Shares which (together with 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
- (b) 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 either alone or together with persons acting in concert with him, acquires additional New Shares by participating in the Scrip Dividend Scheme or otherwise acquires additional shares that would increase his percentage of the voting rights by more than 1% in any period of six (6) months.

The statements above do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under, the Take-over Code. 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.

5. SHAREHOLDERS' APPROVAL

The Listing Manual of the SGX-ST 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 Scrip Dividend Scheme, but rather for the authority to the Directors to issue New Shares to Shareholders, who have elected to receive their entitlements to a Dividend in the form of New Shares. Specific Shareholders' approval for the authority to the Directors to issue New Shares pursuant to the Scrip Dividend Scheme will be sought at the forthcoming annual general meeting of the Company to be convened on 24 October 2016 ("**AGM**"). The Circular will be despatched together with the Notice of AGM in due course.

In addition, to facilitate the implementation of the Scrip Dividend Scheme, a new Article 113A is proposed to be inserted in the Constitution of the Company to, *inter alia*, enable Shareholders to elect to receive New Shares, credited as fully paid in lieu of the cash amount of a Dividend. The new Article 113A will be appended to the Circular and Shareholders' approval for the proposed insertion of a new Article 113A in the Constitution of the Company will be sought at the AGM.

6. LISTING AND QUOTATION OF THE NEW SHARES

An application has been made by the Company to the SGX-ST for the listing of and quotation for the New Shares to be issued pursuant to the Scrip Dividend Scheme on the Main Board of the SGX-ST. Such approval (where granted) is not to be taken as an indication of the merits of the Scrip Dividend Scheme, the New Shares or the Company and/or its subsidiaries.

The SGX-ST assumes no responsibility for the accuracy of any statements made or opinions expressed or reports contained in this Announcement.

By Order of the Board

Dr Gan See Khem
Executive Chairman and Managing Director
9 September 2016