

**CIRCULAR DATED 26 JANUARY 2017**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

If you have sold or transferred all your ordinary shares in the capital of Health Management International Ltd (the “Company”), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing of and quotation for the Consideration Shares (as defined herein) and the Rights Shares (as defined herein) on the Main Board of the SGX-ST, subject to certain conditions. The Consideration Shares and the Rights Shares will be admitted to the Official List of the SGX-ST and official quotation is expected to commence after all conditions imposed by the SGX-ST are satisfied, all certificates relating thereto having been issued and the notification letters from The Central Depository (Pte) Limited (“CDP”) having been despatched.

Approval in-principle granted by the SGX-ST for the listing of and quotation for the Consideration Shares and the Rights Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the Acquisition (as defined herein), the Rights Issue (as defined herein), the Shares (as defined herein), the Consideration Shares, the Rights Shares, the Nil-Paid Rights (as defined herein), the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

This Circular shall not constitute an offer to sell or a solicitation of an offer to buy securities nor shall there be any sale of any securities in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. This Circular is issued to Shareholders (as defined herein) solely for the purpose of providing Shareholders with the information pertaining to, and seeking Shareholders’ approval for the resolutions to be proposed at the EGM (as defined herein). Shareholders are authorised to use this Circular solely for the purpose of considering the approvals sought. Persons to whom a copy of this Circular has been issued shall not circulate to any other person, reproduce or otherwise distribute this Circular or any information herein for any purpose whatsoever nor permit or cause the same to occur.

The distribution of this Circular and/or the transfer of the Nil-Paid Rights and the Rights Shares into jurisdictions other than Singapore may be prohibited or restricted by law. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.



**HEALTH MANAGEMENT INTERNATIONAL LTD**

(Incorporated in the Republic of Singapore)

(Company Registration Number: 199805241E)

**CIRCULAR TO SHAREHOLDERS**

**in relation to the**

- (1) PROPOSED INCREASE OF THE COMPANY’S OWNERSHIP IN 48.9%-OWNED MAHKOTA MEDICAL CENTRE AND 60.8%-OWNED REGENCY SPECIALIST HOSPITAL TO 100% EACH, THROUGH THE ACQUISITION OF EXISTING SHARES IN MIL MENTARI SDN. BHD., SENIPURI EMAS SDN. BHD., 2M MEDICAL CONSULTANTS PTE. LTD., MAHKOTA MEDICAL CENTRE SDN. BHD., MAHKOTA MEDICAL GROUP SDN. BHD. AND MAHKOTA COMMERCIAL SDN. BHD., WHICH CONSTITUTES A MAJOR TRANSACTION UNDER THE LISTING MANUAL OF THE SGX-ST;**
- (2) PROPOSED ACQUISITION OF 25.7% OF SHARES IN SENIPURI EMAS SDN. BHD. AND 16.7% OF SHARES IN 2M MEDICAL CONSULTANTS PTE. LTD., AND ACCEPTANCE OF AN ASSIGNMENT OF SGD555,222.12 IN NON INTEREST-BEARING SHAREHOLDER’S LOANS IN 2M MEDICAL CONSULTANTS PTE. LTD., FROM DR. CHEAH WAY MUN, WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION UNDER THE LISTING MANUAL OF THE SGX-ST; AND**
- (3) PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 32,376,443 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “RIGHTS SHARES”) AT AN ISSUE PRICE OF SGD0.57 FOR EACH RIGHTS SHARE, ON THE BASIS OF 11 RIGHTS SHARES FOR EVERY 200 EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY THE ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED.**

Financial Adviser in relation to the Acquisition



**Credit Suisse (Singapore) Limited**

(Incorporated in the Republic of Singapore)

(Company Registration Number: 197702363D)

Manager of the Rights Issue



**Oversea-Chinese Banking Corporation Limited**

(Incorporated in the Republic of Singapore)

(Company Registration Number: 193200032W)

Independent Financial Adviser to the Independent Directors (as defined herein)  
in relation to the CWM Acquisition (as defined herein)

**DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD**

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200200144N)

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	8 February 2017 at 1.30 p.m. (Singapore time)
Date and time of Extraordinary General Meeting	:	10 February 2017 at 1.30 p.m. (Singapore time)
Place of Extraordinary General Meeting	:	Event Hall 1-1, Level 1 Lifelong Learning Institute 11 Eunos Road 8 Singapore 408601

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## DEFINITIONS

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

- “2M”** : 2M Medical Consultants Pte. Ltd. (Company Registration No. 200712260Z), a company incorporated in Singapore and having its registered office at 7, Temasek Boulevard, #12-10, Suntec Tower One, Singapore 038987
- “2M Acquisition”** : The acquisition by the Company of all the 6,000 issued ordinary shares in the capital of 2M and the acceptance by the Company of an assignment of outstanding non interest-bearing shareholders’ loans of approximately SGD3,331,334.74, from the 2M Shareholders for SGD8,873,232, being the SGD equivalent of RM26,956,866
- “2M Shareholders”** : (1) Dr. Chua Ee Chek;  
(2) Dr. Cheah Way Mun;  
(3) Dr. Fong Chiu Yan;  
(4) Dr. Ching Kwok Choy;  
(5) Dr. Kwa Kie Tjiong;  
(6) Dr. Chew Chee Tong @Chew Chee Yong;  
(7) Dr. Sim Chiang Khi;  
(8) Dr. Tan Peng Kok;  
(9) Ockham Holdings Pte. Ltd.<sup>1</sup>;  
(10) Dr. Ho Kee Hang; and  
(11) Dr. Teh Peng Hooi
- “2M SPA”** : The share purchase agreement entered into among the Company and the 2M Shareholders in respect of the Company’s acquisition of all the 6,000 issued ordinary shares in the capital of 2M and acceptance of an assignment of outstanding non interest-bearing shareholders’ loans of approximately SGD3,331,334.74, from the 2M Shareholders for SGD8,873,232, being the SGD equivalent of RM26,956,866
- “3Q2015”** : Financial quarter ended 30 March 2015

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<sup>1</sup> The shareholders of Ockham Holdings Pte. Ltd. are Dr. Lee Tswen Wen (32%), Dr. Shanker Pasupathy s/o M Pasupathy (32%), Dr. Ong Kong Wee (20%) and Dr. Chong Chee Keong (16%).

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## DEFINITIONS

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<b>“Acquisition”</b>	:	The 2M Acquisition, the Dr. A Acquisition, the Dr. B Acquisition, the MIL Acquisition and the Senipuri Acquisition
<b>“Agreed Exchange Rate”</b>	:	The fixed exchange rate of SGD1:RM3.0380
<b>“Announcement”</b>	:	The announcement dated 11 November 2016 by the Company in relation to the Acquisition and the Rights Issue
<b>“ARE”</b>	:	Application form for Rights Shares and excess Rights Shares to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares under the Rights Issue
<b>“ARS”</b>	:	Application form for Rights Shares to be issued to purchasers of the provisional allotments of Rights Shares under the Rights Issue traded on the SGX-ST through the book-entry (scripless) settlement system
<b>“ATM”</b>	:	Automated teller machine
<b>“Authority”</b>	:	Monetary Authority of Singapore
<b>“Board”</b>	:	The board of Directors of the Company from time to time
<b>“Books Closure Date”</b>	:	The time and date to be determined by the Directors in their absolute discretion as they deem fit and announced by the Company, at and on which, subject to the approval of the Rights Issue being obtained at the EGM, the Register of Members and the Share Transfer Books of the Company will be closed to determine the provisional allotments of Rights Shares of Entitled Shareholders under the Rights Issue
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Circular”</b>	:	This circular to Shareholders dated 26 January 2017
<b>“Closing Date”</b>	:	The time and date to be determined by the Directors, being the last time and date for acceptance of and/or excess application and payment for the Rights Shares under the Rights Issue
<b>“Companies Act”</b>	:	Companies Act, Chapter 50 of Singapore, as amended from time to time
<b>“Company” or “HMI”</b>	:	Health Management International Ltd

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## DEFINITIONS

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<b>“Comparable Companies”</b>	:	Companies whose principal activities are broadly similar to the Group’s healthcare services activities, namely:  (1) Raffles Medical Group Limited;  (2) Ramkhamhaeng Hospital PCL;  (3) Vibhavadi Medical Center PCL;  (4) Bangkok Chain Hospital PCL;  (5) Samitivej PCL;  (6) KPJ Healthcare Bhd;  (7) Chiang Mai Ram Medical Business PCL;  (8) Nonthavej Hospital PCL;  (9) Thai Nakarin Hospital PCL;  (10) Ladprao General Hospital PCL;  (11) Srivichai Vejvivat PCL;  (12) Sikarin PCL; and  (13) Aikchol Hospital PCL
<b>“Comparable Transactions”</b>	:	Selected completed transactions between 1 January 2011 and the Latest Practicable Date, involving targets that operate in the healthcare services segment that are broadly comparable to the Company, namely the transactions listed in <b>Paragraph 4.5 of Appendix A</b> to this Circular
<b>“Consideration Shares”</b>	:	199,822,890 new Shares to be allotted and issued by the Company pursuant to the Acquisition
<b>“CPF”</b>	:	Central Provident Fund
<b>“CPF Funds”</b>	:	CPF account savings
<b>“CPFIS Members”</b>	:	Shareholders who have previously purchased Shares using their CPF Funds under the CPF Investment Scheme – Ordinary Account

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## DEFINITIONS

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<b>“CWM Acquisition”</b>	:	The acquisition by the Company of (1) 64,280 ordinary shares in the capital of Senipuri and (2) 1,000 ordinary shares in the capital of 2M, and the acceptance by the Company of an assignment of non interest-bearing shareholder’s loans owing from 2M to Dr. Cheah Way Mun amounting to SGD555,222.12, from Dr. Cheah Way Mun for SGD12,405,302, being the SGD equivalent of RM37,687,308
<b>“CWM Purchase Price”</b>	:	The aggregate consideration for the CWM Acquisition of SGD12,405,302, being the SGD equivalent of RM37,687,308
<b>“Directors”</b>	:	The directors of the Company from time to time
<b>“Dr. A Acquisition”</b>	:	The acquisition by the Company of (1) 30,000 ordinary shares in the capital of MMCSB; (2) 600 ordinary shares and 100 redeemable convertible preference shares in the capital of MMGSB; and (3) 100 ordinary shares in the capital of MCSB from Dr. Ang Eng Lip for SGD341,457, being the SGD equivalent of RM1,037,346
<b>“Dr. A SPAs”</b>	:	The share purchase agreements entered into between the Company and Dr. Ang Eng Lip in respect of the Company’s acquisition of (1) 30,000 ordinary shares in the capital of MMCSB; (2) 600 ordinary shares and 100 redeemable convertible preference shares in the capital of MMGSB; and (3) 100 ordinary shares in the capital of MCSB from Dr. Ang Eng Lip for SGD341,457, being the SGD equivalent of RM1,037,346
<b>“Dr. B Acquisition”</b>	:	The acquisition by the Company of (1) 26,000 ordinary shares in the capital of MMCSB; (2) 522 ordinary shares and 87 redeemable convertible preference shares in the capital of MMGSB; and (3) 87 ordinary shares in the capital of MCSB from Dr. Fan Richard @Fan Foo Tang Richard for SGD296,250, being the SGD equivalent of RM900,007
<b>“Dr. B SPAs”</b>	:	The share purchase agreements entered into between the Company and Dr. Fan Richard @Fan Foo Tang Richard in respect of the Company’s acquisition of (1) 26,000 ordinary shares in the capital of MMCSB; (2) 522 ordinary shares and 87 redeemable convertible preference shares in the capital of MMGSB; and (3) 87 ordinary shares in the capital of MCSB from Dr. Fan Richard @Fan Foo Tang Richard for SGD296,250, being the SGD equivalent of RM900,007
<b>“EBITDA”</b>	:	Earnings before interest, tax, depreciation and amortisation, and excludes net currency gains or losses and share of profit of associated corporations

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## DEFINITIONS

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<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be convened on 10 February 2017 at 1.30 p.m., notice of which is given on pages <b>C-1 to C-6</b> of this Circular
<b>“Entitled Depositors”</b>	:	Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with the CDP are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the CDP with addresses in Singapore for the service of notices and documents
<b>“Entitled Scripholders”</b>	:	Shareholders whose share certificates have not been deposited with the CDP (and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date) and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
<b>“Entitled Shareholders”</b>	:	Entitled Depositors and Entitled Scripholders
<b>“EPS”</b>	:	Earnings per Share
<b>“Financial Adviser”</b>	:	Credit Suisse (Singapore) Limited, the financial adviser in relation to the Acquisition
<b>“Foreign Purchasers”</b>	:	Purchasers of Nil-Paid Rights whose registered addresses with the CDP are outside Singapore
<b>“Foreign Shareholders”</b>	:	Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar or the CDP, as the case may be, with addresses in Singapore for the service of notices and documents
<b>“FY2014”</b>	:	Financial year ended 30 June 2014
<b>“FY2015”</b>	:	Financial year ended 30 June 2015
<b>“FY2016”</b>	:	Financial year ended 30 June 2016
<b>“Group”</b>	:	The Company and its subsidiaries
<b>“IFA” or “Deloitte”</b>	:	Deloitte & Touche Corporate Finance Pte Ltd, the independent financial adviser to the Independent Directors



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## DEFINITIONS

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<b>“IFA Letter”</b>	:	The letter from Deloitte to the Independent Directors dated 26 January 2017 which is set out in <b>Appendix A</b> to this Circular
<b>“Independent Directors”</b>	:	The Directors who are considered independent for the purposes of making a recommendation on the Acquisition and the Rights Issue, namely all the Directors other than Dr. Cheah Way Mun
<b>“Irrevocable Undertakings”</b>	:	The irrevocable undertakings dated 10 November 2016 given by each Undertaking Shareholder to the Company to, <i>inter alia</i> , in accordance with the terms and conditions of the Rights Issue and not later than the Closing Date, subscribe and pay for and/or procure subscription and payment for their respective <i>pro rata</i> entitlements to the Rights Shares under the Rights Issue, details of which are set out in <b>Paragraph 8</b> of this Circular
<b>“Issue Price”</b>	:	SGD0.57 per Consideration Share
<b>“Latest Practicable Date”</b>	:	The latest practicable date prior to the printing of this Circular, being 19 January 2017
<b>“Leverage Ratio”</b>	:	Ratio of the net debt to FY2016 EBITDA
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST, as amended from time to time
<b>“Lock-up Shares”</b>	:	The Consideration Shares that the Sellers legally and/or beneficially, directly and/or indirectly, hold as at completion of the Acquisition
<b>“LTM EV/EBITDA”</b>	:	<p>A variation of the EV/EBITDA ratio where the EBITDA of a company is computed based upon the last twelve-month period ending on the most recent quarter for which financial results have been published, where:</p> <ol style="list-style-type: none"> <li>(1) “EV” or “Enterprise Value” is the sum of a company’s market capitalisation, preferred equity, minority interests, short and long term debts less its cash and cash equivalents; and</li> <li>(2) “EBITDA” stands for historical consolidated earnings before interest, tax, depreciation and amortisation expenses.</li> </ol>

The EV/EBITDA ratio illustrates the ratio of the market value of a company’s business relative to its historical consolidated pre-tax operating cashflow performance, without regard to its capital structure

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## DEFINITIONS

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<b>“LTM P/E”</b>	:	<p>A variant of the Price-to-Earnings ratio (“P/E”) where the earnings of a company is computed based upon the last twelve-month period ending on the most recent quarter for which financial results have been published.</p> <p>The P/E is the ratio of market capitalisation relative to its profit after tax attributable to shareholders of a company. The P/E is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets</p>
<b>“Manager”</b>	:	Oversea-Chinese Banking Corporation Limited, the manager of the Rights Issue
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Maximum Subscription Scenario”</b>	:	The situation where based on the issued Shares as at the Latest Practicable Date, assuming the Rights Issue is fully subscribed, the number of Rights Shares to be allotted and issued under the Rights Issue will be 32,376,443
<b>“MCSB”</b>	:	Mahkota Commercial Sdn. Bhd. (Company No. 292954-V), a company incorporated in Malaysia and having its registered office at 9th Floor, Mahkota Medical Centre, No. 3, Mahkota Melaka, Jalan Merdeka, 75000 Melaka, Malaysia
<b>“MIL”</b>	:	MIL Mentari Sdn. Bhd. (Company No. 1204314-W), a company incorporated in Malaysia and having its registered office at Lot 6.05, Level 6 KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia
<b>“MIL Acquisition”</b>	:	The acquisition by the Company of all the issued shares in the capital of MIL from MM for SGD131,187,848, being the SGD equivalent of RM398,548,683
<b>“MIL SPA”</b>	:	The share purchase agreement entered into between the Company and MM in respect of the Company’s acquisition of all the issued shares in the capital of MIL from MM for SGD131,187,848, being the SGD equivalent of RM398,548,683
<b>“Minimum Subscription Scenario”</b>	:	The situation where based on the issued Shares as at the Latest Practicable Date, assuming that only the Undertaking Shareholders subscribe for their <i>pro rata</i> entitlements to the Rights Shares pursuant to the Irrevocable Undertakings and no other Shareholder subscribes for any Rights Shares, the number of Rights Shares to be allotted and issued under the Rights Issue will be 16,971,977

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## DEFINITIONS

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<b>“MM”</b>	:	Maju Medik (Malaysia) Sdn. Bhd. (Company No. 359303-H), a company incorporated in Malaysia and having its registered office at SOHO Suites @ KLCC, Block A2, Level 32A, No. 20, Jalan Perak, 50450 Kuala Lumpur, Malaysia
<b>“MMCSB”</b>	:	Mahkota Medical Centre Sdn. Bhd. (Company No. 200619-H), a company incorporated in Malaysia and having its registered office at 9th Floor, Mahkota Medical Centre, No. 3, Mahkota Melaka, Jalan Merdeka, 75000 Melaka, Malaysia
<b>“MMGSB”</b>	:	Mahkota Medical Group Sdn. Bhd. (Company No. 692354-A), a company incorporated in Malaysia and having its registered office at No. 3, Mahkota Melaka, Jalan Merdeka, 75000 Melaka, Malaysia
<b>“NAV”</b>	:	Net asset value
<b>“Nil-Paid Rights”</b>	:	Provisional allotments of the Rights Shares under the Rights Issue
<b>“Notice of EGM”</b>	:	The notice of EGM which is set out on pages <b>C-1 to C-6</b> of this Circular
<b>“NTA”</b>	:	Net tangible assets
<b>“Offer Information Statement”</b>	:	The offer information statement, together with the PAL, the ARE, the ARS and all other accompanying documents, including any supplementary or replacement document, to be issued by the Company and lodged with the Authority in connection with the Rights Issue
<b>“PAL”</b>	:	The provisional allotment letter to be issued to Entitled Scripholders, setting out their provisional allotments of Rights Shares under the Rights Issue
<b>“Participating Banks”</b>	:	The banks that will be participating in the Rights Issue by making available their ATMs to Entitled Depositors and persons purchasing Nil-Paid Rights through the book-entry (scripless) settlement system whose registered addresses with the CDP are in Singapore, for acceptances of the Rights Shares and applications for excess Rights Shares, as the case may be, to be made under the Rights Issue
<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM as set out in this Circular

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## DEFINITIONS

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<b>“Purchase Price”</b>	:	The aggregate consideration for the Acquisition of RM556.5 million (or SGD183.2 million)
<b>“Register of Members”</b>	:	Register of members of the Company
<b>“Rights Issue”</b>	:	The renounceable non-underwritten rights issue by the Company of up to 32,376,443 Rights Shares at the Rights Price, on the basis of 11 Rights Shares for every 200 existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded
<b>“Rights Price”</b>	:	SGD0.57 per Rights Share
<b>“Rights Shares”</b>	:	Up to 32,376,443 new Shares to be allotted and issued by the Company pursuant to the Rights Issue
<b>“RM” or “sen”</b>	:	The lawful currency for the time being of Malaysia
<b>“RMCSA”</b>	:	Regency Medical Centre (Seri Alam) Sdn. Bhd. (Company No. 350580-D), a company incorporated in Malaysia and having its registered office at No 3, Mahkota Melaka, Jalan Merdeka, 75000 Melaka, Malaysia
<b>“RSHSB”</b>	:	Regency Specialist Hospital Sdn. Bhd. (Company No. 767174-W), a company incorporated in Malaysia and having its registered office at No 3, Mahkota Melaka, Jalan Merdeka, 75000 Melaka, Malaysia
<b>“Securities Account”</b>	:	The securities account maintained by a Depositor with the CDP but not including a securities sub-account maintained with a Depository Agent
<b>“Sellers”</b>	:	MM, the Senipuri Shareholders, the 2M Shareholders, Dr. Ang Eng Lip and Dr. Fan Richard @ Fan Foo Tang Richard
<b>“Senipuri”</b>	:	Senipuri Emas Sdn. Bhd. (Company No. 480958-P), a company incorporated in Malaysia and having its registered office at Suite 3.6, Level 3, Menara Pelangi No. 2, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Malaysia
<b>“Senipuri Acquisition”</b>	:	The acquisition by the Company of all the 250,000 issued ordinary shares in the capital of Senipuri from the Senipuri Shareholders for SGD42,495,448, being the SGD equivalent of RM129,101,186

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## DEFINITIONS

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<b>“Senipuri Shareholders”</b>	:	(1) Dr. Cheah Way Mun; (2) Dr. Chua Ee Chek; (3) Dr. Chew Kim Huat; (4) Dr. Kwa Kie Tjong; (5) Dr. Law Ngai Mun; (6) Dr. Goh Hak Su @ Goh Hak Shu; (7) Dr. Wong Woon Wai; (8) Dr. Ho Kee Hang; (9) Dr. Chew Chee Tong; and (10) Dr. Wu Yik Tian
<b>“Senipuri SPA”</b>	:	The share purchase agreement entered into among the Company and the Senipuri Shareholders in respect of the Company’s acquisition of all the 250,000 issued ordinary shares in the capital of Senipuri from the Senipuri Shareholders for SGD42,495,448, being the SGD equivalent of RM129,101,186
<b>“SFA”</b>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended from time to time
<b>“SFR”</b>	:	Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, as amended from time to time
<b>“SGD” or “S\$” or “cents”</b>	:	The lawful currency for the time being of the Republic of Singapore
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share Registrar”</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<b>“Shareholders”</b>	:	Registered holders of Shares, except that where the registered holder is the CDP, the term <b>“Shareholders”</b> shall, in relation to those Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with those Shares. Any reference to Shares held by or the shareholding of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company

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## DEFINITIONS

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<b>“Substantial Shareholder”</b>	:	A person who has an interest in voting shares in the Company and the total votes attached to which are not less than five per cent. of the total votes attached to all the voting shares in the Company
<b>“Term Loan Facility”</b>	:	The senior secured five-year term loan of up to SGD62.0 million provided by Credit Suisse AG, Singapore Branch, which will be secured against shares in key subsidiaries, MMCSB, RSHSB and RMCSA, and certain fixed assets, amongst other collateral. The interest rate of the Term Loan Facility is the prevailing three-month Singapore Swap Offer Rate plus a margin which shall be 4.25% initially, to be stepped up over time
<b>“Transaction”</b>	:	The Acquisition, the Rights Issue and the Term Loan Facility
<b>“Undertaking Shareholders”</b>	:	<ol style="list-style-type: none"><li>(1) Nam See Investment (Pte) Ltd.;</li><li>(2) Dr. Gan See Khem, Executive Chairman and Managing Director of the Company;</li><li>(3) Dr. Chin Koy Nam, husband of Dr. Gan See Khem;</li><li>(4) Ms. Chin Wei Jia, Executive Director and Group Chief Executive Officer of the Company, daughter of Dr. Gan See Khem and Dr. Chin Koy Nam;</li><li>(5) Mr. Chin Wei Yao, Executive Director and Group Chief Financial Officer of the Company, son of Dr. Gan See Khem and Dr. Chin Koy Nam; and</li><li>(6) Ms. Chin Wei Shan, Director of Nam See Investment (Pte) Ltd., daughter of Dr. Gan See Khem and Dr. Chin Koy Nam</li></ol>
<b>“VWAP”</b>	:	Volume weighted average price
<b>“%” or “per cent.”</b>	:	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 SFA.

The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Companies Act.

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

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## DEFINITIONS

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Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the SFR, the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning ascribed to it under the Companies Act, the SFA, the SFR, the Listing Manual or any statutory modification thereof, as the case may be.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day or date in this Circular shall be a reference to a time of day or date, as the case may be, in Singapore unless otherwise stated.

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

For the purposes of this Circular, unless otherwise stated, all RM amounts have been translated into SGD at the Agreed Exchange Rate.

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## LETTER TO SHAREHOLDERS

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### HEALTH MANAGEMENT INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199805241E)

#### 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 and Group Chief Financial Officer*)  
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

26 January 2017

To: The Shareholders of Health Management International Ltd

Dear Sir/Madam

- (1) **PROPOSED INCREASE OF THE COMPANY'S OWNERSHIP IN 48.9%-OWNED MAHKOTA MEDICAL CENTRE AND 60.8%-OWNED REGENCY SPECIALIST HOSPITAL TO 100% EACH, THROUGH THE ACQUISITION OF EXISTING SHARES IN MIL MENTARI SDN. BHD., SENIPURI EMAS SDN. BHD., 2M MEDICAL CONSULTANTS PTE. LTD., MAHKOTA MEDICAL CENTRE SDN. BHD., MAHKOTA MEDICAL GROUP SDN. BHD. AND MAHKOTA COMMERCIAL SDN. BHD., WHICH CONSTITUTES A MAJOR TRANSACTION UNDER THE LISTING MANUAL OF THE SGX-ST;**
- (2) **PROPOSED ACQUISITION OF 25.7% OF SHARES IN SENIPURI EMAS SDN. BHD. AND 16.7% OF SHARES IN 2M MEDICAL CONSULTANTS PTE. LTD., AND ACCEPTANCE OF AN ASSIGNMENT OF SGD555,222.12 IN NON INTEREST-BEARING SHAREHOLDER'S LOANS IN 2M MEDICAL CONSULTANTS PTE. LTD., FROM DR. CHEAH WAY MUN, WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION UNDER THE LISTING MANUAL OF THE SGX-ST; AND**
- (3) **PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 32,376,443 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "RIGHTS SHARES") AT AN ISSUE PRICE OF SGD0.57 FOR EACH RIGHTS SHARE, ON THE BASIS OF 11 RIGHTS SHARES FOR EVERY 200 EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY THE ENTITLED SHAREHOLDERS AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED.**

#### 1. INTRODUCTION

**1.1 Background.** The Company's key assets comprise two tertiary hospitals in Malaysia, the 288-bed capacity Mahkota Medical Centre in Malacca and the 218-bed capacity Regency Specialist Hospital in Johor, which are held and operated through the following entities:

- (a) Mahkota Medical Centre Sdn. Bhd. ("**MMCSB**"), the entity running the hospital operations at Mahkota Medical Centre, and owning the building and land on which Mahkota Medical Centre is located;



## LETTER TO SHAREHOLDERS

- (b) Regency Specialist Hospital Sdn. Bhd. (“**RSHSB**”), the entity running the hospital operations at Regency Specialist Hospital; and
- (c) Regency Medical Centre (Seri Alam) Sdn. Bhd. (“**RMCSA**”), the entity owning the building and land on which Regency Specialist Hospital is located.

### 1.2 As at the Latest Practicable Date, the Company owns the following:

- (a) 48.9% direct interest in MMCSB;
- (b) 60.8% interest in RSHSB, comprising a 29.0% direct interest and a 31.8% effective interest held through the Company’s 48.9% shareholding in Mahkota Medical Group Sdn. Bhd. (“**MMGSB**”). MMGSB holds a 65.0% direct interest in RSHSB; and
- (c) 60.8% interest in RMCSA, comprising a 29.0% direct interest and a 31.8% effective interest held through the Company’s 48.9% shareholding in Mahkota Commercial Sdn. Bhd. (“**MCSB**”). MCSB holds a 65.0% direct interest in RMCSA.

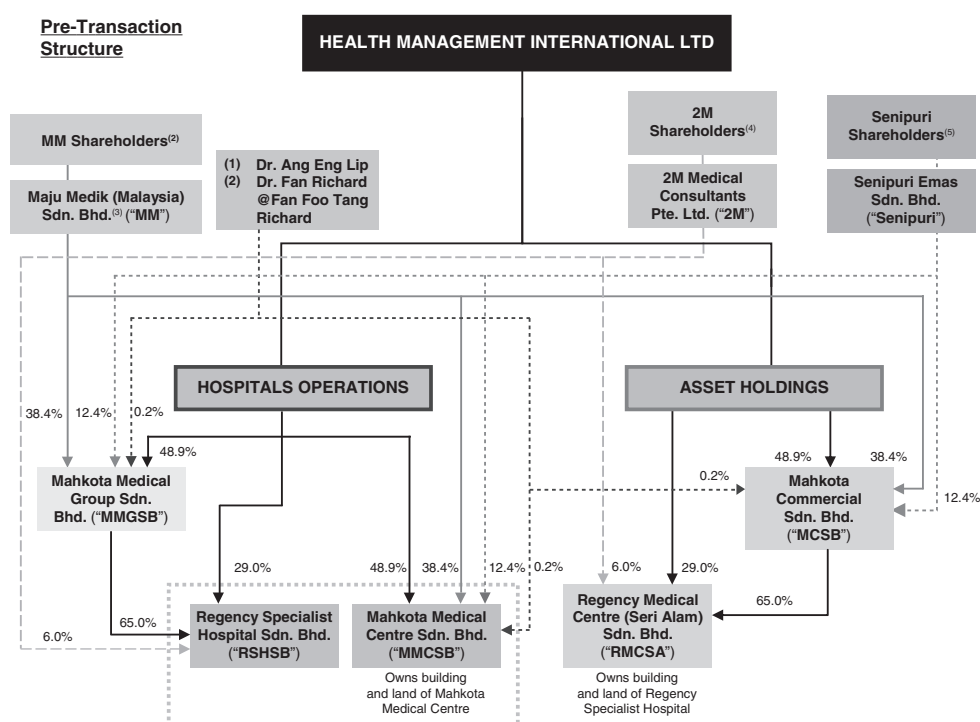
### 1.3 Pre-Transaction Shareholding Structure. As at the Latest Practicable Date, the shareholding structure of MMCSB, RSHSB and RMCSA, including details of the minority shareholders, is as set out in the table below.

Entity	Direct Interest in Entity	Shareholder of Entity	Effective Interest in Entity	Effective Shareholder of Entity
<b>MMCSB</b>	48.9%	Health Management International Ltd	48.9%	Health Management International Ltd
	38.4%	Maju Medik (Malaysia) Sdn. Bhd.	38.4%	Maju Medik (Malaysia) Sdn. Bhd.
	12.4%	Senipuri Emas Sdn. Bhd.	12.4%	Senipuri Emas Sdn. Bhd.
	0.1%	Dr. Ang Eng Lip	0.1%	Dr. Ang Eng Lip
	Less than 0.1%	Dr. Fan Richard @Fan Foo Tang Richard	Less than 0.1%	Dr. Fan Richard @Fan Foo Tang Richard
<b>RSHSB</b>	29.0%	Health Management International Ltd	29.0%	Health Management International Ltd
	65.0%	MMGSB	31.8%	Health Management International Ltd
			25.0%	Maju Medik (Malaysia) Sdn. Bhd.
			8.1%	Senipuri Emas Sdn. Bhd.
			Less than 0.1%	Dr. Ang Eng Lip
			Less than 0.1%	Dr. Fan Richard @Fan Foo Tang Richard
	6.0%	2M Medical Consultants Pte. Ltd.	6.0%	2M Medical Consultants Pte. Ltd.

## LETTER TO SHAREHOLDERS

Entity	Direct Interest in Entity	Shareholder of Entity	Effective Interest in Entity	Effective Shareholder of Entity
RMCSA	29.0%	Health Management International Ltd	29.0%	Health Management International Ltd
	65.0%	MCSB	31.8%	Health Management International Ltd
			25.0%	Maju Medik (Malaysia) Sdn. Bhd.
			8.1%	Senipuri Emas Sdn. Bhd.
			Less than 0.1%	Dr. Ang Eng Lip
			Less than 0.1%	Dr. Fan Richard @ Fan Foo Tang Richard
	6.0%	2M Medical Consultants Pte. Ltd.	6.0%	2M Medical Consultants Pte. Ltd.

- 1.4 A diagram of the shareholding structure of MMCSB, RSHSB and RMCSA as at the Latest Practicable Date is set out below.



- <sup>2</sup> The shareholders of MM are Datuk Fakhri Yassin bin Mahiaddin (more than 99.9%) and Dato' Kamaruzaman Bin Abdul Rahman (less than 0.1%).
- <sup>3</sup> Maju Medik (Malaysia) Sdn. Bhd. will, prior to completion of the Acquisition, undergo an internal restructuring to transfer all its interests in MMCSB, MMGSB and MCSB to MIL Mentari Sdn. Bhd..
- <sup>4</sup> The 2M Shareholders are Dr. Chua Ee Chek (16.7%), Dr. Cheah Way Mun (16.7%), Dr. Fong Chiu Yan (8.3%), Dr. Ching Kwok Choy (8.3%), Dr. Kwa Kie Tjong (8.3%), Dr. Chew Chee Tong @ Chew Chee Yong (8.3%), Dr. Sim Chiang Khi (8.3%), Dr. Tan Peng Kok (8.3%), Ockham Holdings Pte. Ltd. (8.3%), Dr. Ho Kee Hang (4.2%) and Dr. Teh Peng Hooi (4.2%). The shareholders of Ockham Holdings Pte. Ltd. are Dr. Lee Tswen Wen (32%), Dr. Shanker Pasupathy s/o M Pasupathy (32%), Dr. Ong Kong Wee (20%) and Dr. Chong Chee Keong (16%).
- <sup>5</sup> The Senipuri Shareholders are Dr. Cheah Way Mun (25.7%), Dr. Chua Ee Chek (16.6%), Dr. Chew Kim Huat (13.9%), Dr. Kwa Kie Tjong (11.2%), Dr. Law Ngai Mun (7.9%), Dr. Goh Hak Su @ Goh Hak Shu (7.0%), Dr. Wong Woon Wai (5.4%), Dr. Ho Kee Hang (5.0%), Dr. Chew Chee Tong (4.5%) and Dr. Wu Yik Tian (2.7%).

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## LETTER TO SHAREHOLDERS

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**1.5 Transaction.** On 11 November 2016, the Company announced that:

- (a) it has agreed to increase its ownership in its two hospitals, 48.9%-owned Mahkota Medical Centre and 60.8%-owned Regency Specialist Hospital, to 100% each for an aggregate consideration of RM556.5 million (or SGD183.2 million), to be satisfied by a combination of SGD69,295,184 in cash and 199,822,890 Consideration Shares to be issued at the issue price of SGD0.57 per Consideration Share (the “**Issue Price**”). This will be achieved by the Company’s acquisition of:
    - (i) all the shares in MIL Mentari Sdn. Bhd. (“**MIL**”). MIL is a wholly-owned holding entity of Maju Medik (Malaysia) Sdn. Bhd. (“**MM**”), and MM will, prior to completion of the Acquisition, undergo an internal restructuring to transfer all its direct interests in MMCSB, MMGSB and MCSB to MIL. MIL will therefore have a direct interest of 38.4% in MMCSB, and effective interests of 25.0% in each of RSHSB and RMCSA through its 38.4% shareholdings in MMGSB and MCSB respectively;
    - (ii) all the shares in Senipuri Emas Sdn. Bhd. (“**Senipuri**”). As stated in the table in **Paragraph 1.3** above, Senipuri has a direct interest of 12.4% in MMCSB, and effective interests of 8.1% in each of RSHSB and RMCSA through its 12.4% shareholdings in MMGSB and MCSB respectively;
    - (iii) all the shares in 2M Medical Consultants Pte. Ltd. (“**2M**”), including acceptance of an assignment of outstanding non interest-bearing shareholders’ loans of approximately SGD3,331,334.74 in 2M. As stated in the table in **Paragraph 1.3** above, 2M has direct interests of 6.0% in each of RSHSB and RMCSA;
    - (iv) all the shares held by Dr. Ang Eng Lip in MMCSB, MMGSB and MCSB. As stated in the table in **Paragraph 1.3** above, Dr. Ang Eng Lip has a direct interest of 0.1% in MMCSB, and effective interests of less than 0.1% in each of RSHSB and RMCSA through his 0.1% shareholdings in MMGSB and MCSB respectively; and
    - (v) all the shares held by Dr. Fan Richard @Fan Foo Tang Richard in MMCSB, MMGSB and MCSB. As stated in the table in **Paragraph 1.3** above, Dr. Fan Richard @Fan Foo Tang Richard has a direct interest of less than 0.1% in MMCSB, and effective interests of less than 0.1% in each of RSHSB and RMCSA through his less than 0.1% shareholdings in MMGSB and MCSB respectively,
- (collectively, the “**Acquisition**”);

## LETTER TO SHAREHOLDERS

- (b) as part of the Acquisition, it will be acquiring (i) 64,280 ordinary shares in the capital of Senipuri and (ii) 1,000 ordinary shares in the capital of 2M, and it will be accepting an assignment of non interest-bearing shareholder's loans owing from 2M to Dr. Cheah Way Mun amounting to SGD555,222.12, from Dr. Cheah Way Mun, an independent non-executive Director of the Company (collectively, the "**CWM Acquisition**"), which constitutes an interested person transaction under the Listing Manual. Please refer to **Paragraph 6** of this Circular for details; and
- (c) it intends to partially fund the Acquisition using the net proceeds from the Rights Issue, which (after deducting estimated costs, expenses and commissions of approximately SGD0.6 million incurred in connection with the Rights Issue) is expected to be:
- (i) approximately SGD17.9 million under the scenario where the Rights Issue is fully subscribed (the "**Maximum Subscription Scenario**"); and
  - (ii) approximately SGD9.1 million under the scenario where only the Undertaking Shareholders subscribe for their *pro rata* entitlements to the Rights Shares pursuant to the Irrevocable Undertakings and no other Shareholder subscribes for any Rights Shares (the "**Minimum Subscription Scenario**").

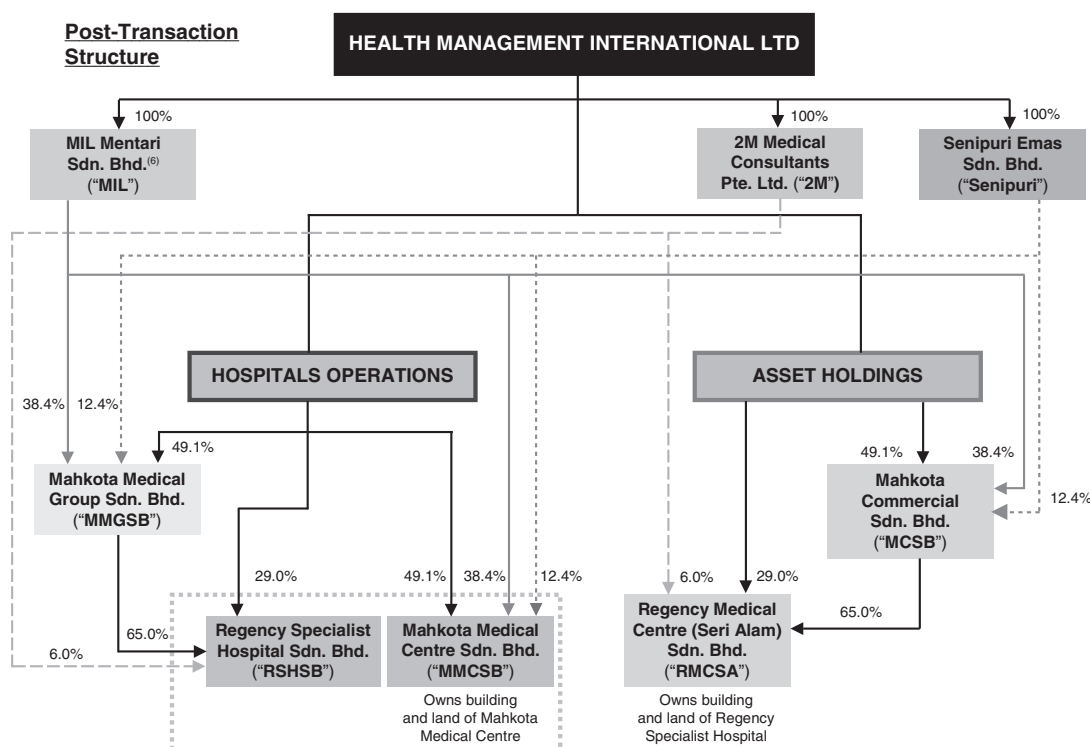
A copy of the Announcement dated 11 November 2016 is available on the website of the SGX-ST at [www.sgx.com](http://www.sgx.com).

**1.6 Post-Transaction Structure.** Upon completion of the Acquisition, the shareholding structure of MMCSB, RSHSB and RMCSA will be as set out in the table below.

Entity	Direct Interest in Entity	Shareholder of Entity	Effective Interest in Entity	Effective Shareholder of Entity
<b>MMCSB</b>	49.1%	Health Management International Ltd	100%	Health Management International Ltd
	38.4%	MIL Mentari Sdn. Bhd.		
	12.4%	Senipuri Emas Sdn. Bhd.		
<b>RSHSB</b>	29.0%	Health Management International Ltd	100%	Health Management International Ltd
	65.0%	MMGSB		
	6.0%	2M Medical Consultants Pte. Ltd.		
<b>RMCSA</b>	29.0%	Health Management International Ltd	100%	Health Management International Ltd
	65.0%	MCSB		
	6.0%	2M Medical Consultants Pte. Ltd.		

## LETTER TO SHAREHOLDERS

- 1.7** A diagram of the shareholding structure of MMCSB, RSHSB and RMCSA upon completion of the Acquisition is set out below.



- 1.8 SGX-ST.** On 23 January 2017, the Company announced that the SGX-ST had granted approval in-principle for the listing of and quotation for the Consideration Shares and the Rights Shares on the Main Board of the SGX-ST, subject to certain conditions which are set out in **Paragraph 9** of this Circular. The Consideration Shares and the Rights Shares will be admitted to the Official List of the SGX-ST and official quotation is expected to commence after all conditions imposed by the SGX-ST are satisfied, all certificates relating thereto having been issued and the notification letters from CDP having been despatched.

- 1.9 EGM.** The purpose of this Circular is to explain the rationale for, and provide Shareholders with information relating to the Acquisition and the Rights Issue, and to seek Shareholders' approval at the EGM for the Acquisition (including the CWM Acquisition) and the Rights Issue. The Notice of EGM is set out on pages **C-1 to C-6** of this Circular.

<sup>6</sup> Maju Medik (Malaysia) Sdn. Bhd. will, prior to completion of the Acquisition, undergo an internal restructuring to transfer all its interests in MMCSB, MMGSB and MCSB to MIL Mentari Sdn. Bhd..

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## LETTER TO SHAREHOLDERS

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### 2. INFORMATION ON MAHKOTA MEDICAL CENTRE AND REGENCY SPECIALIST HOSPITAL

**2.1 MAHKOTA MEDICAL CENTRE.** The Company first acquired a 20.0% direct stake in Mahkota Medical Centre in 1999, and gradually increased its shareholding to the current 48.9% by 2007. Operational since 1994, Mahkota Medical Centre is a 288-bed capacity tertiary hospital in Malacca, Malaysia. It serves almost 300,000 patients per year, with over 120 practising consultants in a wide range of specialities including oncology, cardiology, neurology, obstetrics & gynaecology and orthopaedic surgery.

In FY2016, Mahkota Medical Centre continued to grow its revenue by 8.3% from RM229.0 million (SGD75.4 million) to RM248.0 million (SGD81.6 million), with EBITDA increasing 11.8% from RM61.0 million (SGD20.1 million) to RM68.2 million (SGD22.4 million). For FY2016, Mahkota Medical Centre recorded a pre-tax profit of RM50.7 million (SGD16.7 million). Patient load in FY2016 increased by 1.9% to around 295,000, and the beds occupancy rate for FY2016, calculated based on the midnight bed census, was 65%.

Operationally, Mahkota Medical Centre continues to expand its core specialities and sub-specialities, invest in the latest medical equipment, further develop its Centres of Excellence and increase utilisation of its existing facilities for patient services.

**2.2 REGENCY SPECIALIST HOSPITAL.** The Company first acquired a 44.0% effective stake in Regency Specialist Hospital in 2007 and gradually increased its effective shareholding to the current 60.8% by 2009. Operational since 2009, Regency Specialist Hospital is a 218-bed capacity tertiary hospital in Iskandar, Johor, Malaysia. It serves over 110,000 patients per year, with over 70 practising consultants in a wide range of specialities including oncology, cardiology, neurology, obstetrics & gynaecology and orthopaedic surgery.

In FY2016, Regency Specialist Hospital continued to grow its revenue by 27.8% from RM110.9 million (SGD36.5 million) to RM141.7 million (SGD46.6 million), with EBITDA increasing 45.8% from RM19.2 million (SGD6.3 million) to RM28.0 million (SGD9.2 million). For FY2016, Regency Specialist Hospital recorded a pre-tax profit of RM23.6 million (SGD7.8 million). Patient load in FY2016 increased by 13.9% to around 114,000, and the beds occupancy rate for FY2016, calculated based on the midnight bed census, was 70%.

To cater to the growing number of patients, Regency Specialist Hospital will be constructing a new hospital extension block adjacent to its existing hospital building. The new block will more than double its existing capacity with more inpatient beds, clinical services, operating theatres, as well as clinical suites for sale or rental to doctors. Construction is expected to commence in the second half of 2017 and take approximately 2.5 years to complete. As at the Latest Practicable Date, the capital expenditure for the extension block is estimated at approximately RM160 million. This is a preliminary estimate that is subject to change as the expansion plans are still being finalised. The expansion is expected to be funded by debt and internal cash resources. The amount of loan that would be needed is not finalised yet as the expansion plans are still being finalised. As of 30 June 2016, the audited cash and cash equivalent balance for the Group was RM78.9 million (SGD26.0 million), of which RM29.1 million (SGD9.6 million) was the cash and cash equivalent balance for Regency Specialist Hospital. This expansion project is not expected to adversely affect the Company's internal cash resources or Regency Specialist Hospital's operations during the construction period.

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## LETTER TO SHAREHOLDERS

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### 3. RATIONALE FOR THE TRANSACTION

HMI aims to be a regional healthcare company with presence in Singapore, Malaysia and Indonesia. The Acquisition will create an enlarged listed healthcare platform for HMI to achieve this objective.

The Acquisition is financially attractive for HMI, with only a moderate impact on leverage. The Acquisition is expected to be 30.4%<sup>7</sup> accretive to the Shareholders – the pro forma fully-diluted EPS for FY2016 would be 30.4% higher than the current fully-diluted EPS for FY2016 of RM3.38 sen<sup>8</sup>. Pro forma ratio of the net debt to FY2016 EBITDA (“**Leverage Ratio**”) of the Group as at FY2016 is expected to be 1.6x<sup>9</sup>. The Acquisition is expected to increase the cash flow of the Group as the Group will have access to 100% of the cash flows from Mahkota Medical Centre and Regency Specialist Hospital.

HMI’s ownership structure post-Acquisition will be clearer, with no significant non-controlling interests. This will create clarity for investors, as 100% of EBITDA and net income will be attributable to the Shareholders.

The Rights Issue has been proposed to partially fund the Purchase Price of RM556.5 million (or SGD183.2 million) and is in line with the Company’s ongoing and prudent balance sheet management. The Company intends to utilise the net proceeds from the Rights Issue to partially pay the cash purchase price for the MIL Acquisition, the Senipuri Acquisition and the 2M Acquisition. The net proceeds from the Rights Issue (after deducting estimated costs, expenses and commissions of approximately SGD0.6 million incurred in connection with the Rights Issue) is expected to be (a) approximately SGD17.9 million under the Maximum Subscription Scenario and (b) approximately SGD9.1 million under the Minimum Subscription Scenario.

### 4. THE ACQUISITION

#### 4.1 Share Purchase Agreements

**4.1.1** On 10 November 2016, the Company entered into separate share purchase agreements to acquire:

- (a) all the issued shares in the capital of MIL from MM for SGD131,187,848, being the SGD equivalent of RM398,548,683 (the “**MIL SPA**”, and the transactions therein, the “**MIL Acquisition**”). MIL is a wholly-owned holding entity of MM, and MM will, prior to completion of the Acquisition, undergo an internal restructuring to transfer all its direct interests in MMCSB, MMGSB and MCSB to MIL. MIL will therefore have a direct interest of 38.4% in MMCSB, and effective interests of 25.0% in each of RSHSB and RMCSA through its 38.4% shareholdings in MMGSB and MCSB;

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<sup>7</sup> For the purposes of this Circular, the assumptions in **Paragraphs 10.2(d) to (i)** have been made.

<sup>8</sup> This statement should not be interpreted to mean that the future EPS will necessarily be greater than those for FY2016. Please refer to **Paragraph 10.4** of this Circular for more details.

<sup>9</sup> Please refer to **Paragraph 10.5** of this Circular for more details.



## LETTER TO SHAREHOLDERS

- (b) all the 250,000 issued ordinary shares in the capital of Senipuri from the Senipuri Shareholders for SGD42,495,448, being the SGD equivalent of RM129,101,186 (the “**Senipuri SPA**”, and the transactions therein, the “**Senipuri Acquisition**”). Senipuri has a direct interest of 12.4% in MMCSB, and effective interests of 8.1% in each of RSHSB and RMCSA through its 12.4% shareholdings in MMGSB and MCSB respectively. Senipuri is a holding entity of a group of Singapore-based doctors, including Dr. Cheah Way Mun<sup>10</sup>. The Senipuri Shareholders and their respective stakes in Senipuri are as follows:

	Senipuri Shareholder	Percentage Interest in Senipuri
1	Dr. Cheah Way Mun	25.7%
2	Dr. Chua Ee Chek	16.6%
3	Dr. Chew Kim Huat	13.9%
4	Dr. Kwa Kie Tjong	11.2%
5	Dr. Law Ngai Mun	7.9%
6	Dr. Goh Hak Su @ Goh Hak Shu	7.0%
7	Dr. Wong Woon Wai	5.4%
8	Dr. Ho Kee Hang	5.0%
9	Dr. Chew Chee Tong	4.5%
10	Dr. Wu Yik Tian	2.7%

- (c) all the 6,000 issued ordinary shares in the capital of 2M and accept an assignment of outstanding non interest-bearing shareholders’ loans of approximately SGD3,331,334.74, from the 2M Shareholders for SGD8,873,232, being the SGD equivalent of RM26,956,866 (the “**2M SPA**”, and the transactions therein, the “**2M Acquisition**”). 2M has direct interests of 6.0% in each of RSHSB and RMCSA. 2M is a holding entity of a group of Singapore-based doctors, including Dr. Cheah Way Mun<sup>10</sup>. The 2M Shareholders and their respective stakes in 2M and the non interest-bearing shareholders’ loans owing to them from 2M are as follows:

	2M Shareholder	Percentage Interest in 2M	Shareholders’ Loans
1	Dr. Chua Ee Chek	16.7%	SGD555,222.12
2	Dr. Cheah Way Mun	16.7%	SGD555,222.12
3	Dr. Fong Chiu Yan	8.3%	SGD277,611.06
4	Dr. Ching Kwok Choy	8.3%	SGD277,611.06
5	Dr. Kwa Kie Tjong	8.3%	SGD277,611.06
6	Dr. Chew Chee Tong @Chew Chee Yong	8.3%	SGD277,611.06
7	Dr. Sim Chiang Khi	8.3%	SGD277,611.06
8	Dr. Tan Peng Kok	8.3%	SGD277,611.06
9	Ockham Holdings Pte. Ltd. <sup>11</sup>	8.3%	SGD277,611.06
10	Dr. Ho Kee Hang	4.2%	SGD138,806.54
11	Dr. Teh Peng Hooi	4.2%	SGD138,806.54

<sup>10</sup> Please see **Paragraph 6** of this Circular for details on the CWM Acquisition.

<sup>11</sup> The shareholders of Ockham Holdings Pte. Ltd. are Dr. Lee Tswen Wen (32%), Dr. Shanker Pasupathy s/o M Pasupathy (32%), Dr. Ong Kong Wee (20%) and Dr. Chong Chee Keong (16%).



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## LETTER TO SHAREHOLDERS

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- (d) 600 ordinary shares and 100 redeemable convertible preference shares in the capital of MMGSB, 30,000 ordinary shares in the capital of MMCSB and 100 ordinary shares in the capital of MCSB from Dr. Ang Eng Lip for SGD341,457, being the SGD equivalent of RM1,037,346 (the “**Dr. A SPAs**”, and the transactions therein, the “**Dr. A Acquisition**”). Dr. Ang Eng Lip has a direct interest of 0.1% in MMCSB, and effective interests of less than 0.1% in each of RSHSB and RMCSA through his 0.1% shareholdings in MMGSB and MCSB respectively; and
  - (e) 522 ordinary shares and 87 redeemable convertible preference shares in the capital of MMGSB, 26,000 ordinary shares in the capital of MMCSB and 87 ordinary shares in the capital of MCSB from Dr. Fan Richard @ Fan Foo Tang Richard for SGD296,250, being the SGD equivalent of RM900,007 (the “**Dr. B SPAs**”, and the transactions therein, the “**Dr. B Acquisition**”). Dr. Fan Richard @ Fan Foo Tang Richard has a direct interest of less than 0.1% in MMCSB, and effective interests of less than 0.1% in each of RSHSB and RMCSA through his less than 0.1% shareholdings in MMGSB and MCSB respectively.
- 4.1.2** MIL, Senipuri, 2M, MMGSB and MCSB are all investment holding vehicles, with no other significant operations. MMCSB is the entity running the hospital operations at Mahkota Medical Centre, and owning the building and land on which Mahkota Medical Centre is located, as set out in **Paragraph 1.1(a)** of this Circular. MIL, Senipuri, 2M, MMCSB, MMGSB and MCSB do not have significant loans, contingent liabilities, profit or losses other than from Mahkota Medical Centre and Regency Specialist Hospital.
- 4.1.3** Each of the MIL Acquisition, Senipuri Acquisition, 2M Acquisition, Dr. A Acquisition and Dr. B Acquisition is conditional upon the completion (or where applicable, the waiver) of certain conditions precedent set out in **Paragraph 4.3** of this Circular, but the completion of each of the MIL Acquisition, Senipuri Acquisition, 2M Acquisition, Dr. A Acquisition and Dr. B Acquisition is not inter-conditional on the other acquisitions. The acquisition by the Company from each Senipuri Shareholder pursuant to the Senipuri SPA is not conditional on the acquisition by the Company from any other Senipuri Shareholder pursuant to the Senipuri SPA. The acquisition by the Company from each 2M Shareholder pursuant to the 2M SPA is not conditional on the acquisition by the Company from any other 2M Shareholder pursuant to the 2M SPA.
- 4.1.4** Upon completion of the Acquisition, the Company will increase its ownership in Mahkota Medical Centre and Regency Specialist Hospital to 100% each.

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### 4.2 Consideration

**4.2.1** The Purchase Price for the Acquisition is RM556.5 million (or SGD183.2 million). The Purchase Price will be satisfied by a combination of SGD69,295,184 in cash and 199,822,890 Consideration Shares to be issued at the Issue Price of SGD0.57 per Consideration Share as follows:

Acquisition	Seller	Cash Consideration	Number of Consideration Shares	Total Consideration
MIL Acquisition	MM	SGD43,291,990	154,203,259 (77.2% of total number of Consideration Shares)	SGD131,187,848
Senipuri Acquisition <sup>12</sup>	Senipuri Shareholders	SGD21,247,724	37,276,703 (18.7% of total number of Consideration Shares)	SGD42,495,448
2M Acquisition <sup>12</sup>	2M Shareholders	SGD4,436,616	7,783,536 (3.9% of total number of Consideration Shares)	SGD8,873,232
Dr. A Acquisition	Dr. Ang Eng Lip	SGD170,729	299,524 (0.1% of total number of Consideration Shares)	SGD341,457
Dr. B Acquisition	Dr. Fan Richard @Fan Foo Tang Richard	SGD148,125	259,868 (0.1% of total number of Consideration Shares)	SGD296,250
<b>Total</b>		<b>SGD69,295,184</b>	<b>199,822,890</b>	<b>SGD183,194,235</b>

**4.2.2** The Purchase Price is a negotiated price, agreed on an arm's length basis between the Company and the Sellers. It takes into account, among other things, the profit contributions of Mahkota Medical Centre and Regency Specialist Hospital, the Company's internal valuations for Mahkota Medical Centre and Regency Specialist Hospital based on relative valuation methodologies and negotiations with the Sellers<sup>13</sup>, and the fact that the Sellers will continue to retain a significant exposure to the growth of the business via the Consideration Shares as well as a partial monetisation in cash. The Issue Price of the Consideration Shares was determined based on the one-month VWAP of the Shares as of 11 October 2016 and was mutually agreed with the Sellers. The Purchase Price, the number of Consideration Shares, the Issue Price and the Agreed Exchange Rate have been agreed and are fixed, and are not subject to any adjustment.

<sup>12</sup> Please see **Paragraph 6** of this Circular for details on the CWM Acquisition.

<sup>13</sup> For the avoidance of doubt, the Company did not engage an independent valuer to conduct a formal valuation on Mahkota Medical Centre and Regency Specialist Hospital.

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**4.2.3** The Consideration Shares will be issued credited as fully-paid, free from encumbrances and with all rights attached thereto as at completion of the Acquisition and will rank *pari passu* in all respects with all other issued and outstanding Shares, except that they will not rank for any dividends or other distributions the record date for which falls before the date of issue of the Consideration Shares. The Issue Price of SGD0.57 per Consideration Share represents a discount of approximately 5.8% to the closing price of SGD0.605 per Share on the SGX-ST on 10 November 2016, being the last trading date before the release of the Announcement. For the avoidance of doubt, the Consideration Shares will not be entitled to participate in the Rights Issue.

**4.2.4** None of the Sellers are Substantial Shareholders of the Company as at the Latest Practicable Date. None of the Sellers, other than MM, will become a Substantial Shareholder of the Company following the completion of the Acquisition. Please see **Paragraph 11.1** of this Circular for details on the shareholding interests of the Directors and Substantial Shareholders of the Company.

**4.2.5** The cash portion of the Purchase Price amounting to SGD69,295,184 will be funded by the Rights Issue of up to SGD18.5 million, a senior secured five-year term loan of up to SGD62.0 million (the “**Term Loan Facility**”) and the Company’s internal cash resources.

- (a) **Rights Issue.** The Company intends to utilise the net proceeds from the Rights Issue to partially pay the cash consideration for the MIL Acquisition, the Senipuri Acquisition and the 2M Acquisition. The net proceeds from the Rights Issue (after deducting estimated costs, expenses and commissions of approximately SGD0.6 million incurred in connection with the Rights Issue) is expected to be (i) approximately SGD17.9 million under the Maximum Subscription Scenario and (ii) approximately SGD9.1 million under the Minimum Subscription Scenario.

The remaining cash consideration payable will be (i) approximately SGD51.4 million under the Maximum Subscription Scenario and (ii) approximately SGD60.2 million under the Minimum Subscription Scenario.

- (b) **Term Loan Facility.** The Company has entered into a senior secured five-year term loan of up to SGD62.0 million provided by Credit Suisse AG, Singapore Branch, which will be secured against shares in key subsidiaries, MMCSB, RSHSB and RMCSA, and certain fixed assets, amongst other collateral. The interest rate of the Term Loan Facility is the prevailing three-month Singapore Swap Offer Rate plus a margin which shall be 4.25% initially, to be stepped up over time.

The proceeds from drawing down on the Term Loan Facility will be used to fully satisfy the remaining cash consideration for the MIL Acquisition, the Senipuri Acquisition and the 2M Acquisition, as well as transaction-related expenses.

- (c) **Internal Cash Resources.** The aggregate cash purchase price of SGD318,854 for the Dr. A Acquisition and Dr. B Acquisition will be satisfied from the Company’s internal cash resources. Based on the assumptions above, the Company will not need to utilise any funds (other than SGD318,854 for the Dr. A Acquisition and Dr. B Acquisition) from existing cash and cash equivalent balances. The Acquisition is not expected to have any material adverse effect on the Company’s internal cash resources.

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### 4.3 Conditions Precedent

Completion of the Acquisition is conditional upon the satisfaction (or where applicable, the waiver) of *inter alia*, the following conditions precedent:

- (a) the approval of the Shareholders for the Acquisition, the Rights Issue and the allotment and issue of the Consideration Shares and Rights Shares having been obtained and such approval not having been withdrawn or revoked as at the completion of the Acquisition;
- (b) there being no decree, injunction, judgement or other order (which is final and non-appealable) entered or issued by any court or governmental authority or quasi-governmental entity of competent jurisdiction which is issued against the Sellers or the Company and has the effect of restraining or otherwise prohibiting consummation of the Acquisition or the Rights Issue and which remains in force and effect as at the completion of the Acquisition;
- (c) the approval in-principle for the listing of and quotation for the Consideration Shares and the Rights Shares on the Main Board of the SGX-ST being obtained from the SGX-ST and not having been revoked and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and, to the extent that any conditions for the listing of and quotation for the Consideration Shares and the Rights Shares on the Main Board of the SGX-ST are required to be fulfilled on or before the completion of the Acquisition, they are so fulfilled;
- (d) the listing of the Rights Shares on the SGX-ST, and the conditions for the drawdown on the Term Loan Facility being satisfied, on or prior to the completion of the Acquisition; and
- (e) all licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the Transaction having been obtained from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms reasonably satisfactory to the Company and the Sellers.

### 4.4 Completion

**4.4.1** Completion of the Acquisition will take place after all of the conditions precedent under the MIL SPA, the Senipuri SPA, the 2M SPA, the Dr. A SPAs and the Dr. B SPAs have been satisfied and/or waived in accordance with the terms of the respective agreements. The completion of the Acquisition is expected in March 2017.

**4.4.2** If the relevant conditions precedent are not satisfied and/or waived by the date falling nine months after 10 November 2016 (or such other date as the parties may agree in writing), the MIL SPA, the Senipuri SPA, the 2M SPA, the Dr. A SPAs or the Dr. B SPAs (as the case may be) will terminate (other than certain surviving provisions) and none of the respective parties under each agreement shall have any claim against the other party under such agreement save for any claim arising from antecedent breaches of such agreement.

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### 4.5 Board Nomination

**4.5.1** Subject to completion of the Acquisition having occurred and for so long as MM holds not less than 10 per cent. of the issued and outstanding share capital of the Company from time to time, the Company shall use its best efforts to procure that one nominee designated by MM be appointed as a non-executive director of the Company, provided that such nominee satisfies the requirements under law, the listing rules of the SGX-ST and the Singapore Code of Corporate Governance 2012. Upon completion of the Acquisition, MM is expected to have an interest in approximately 18.8 per cent. of the issued and outstanding share capital of the Company.

**4.5.2** There are no director's service contracts proposed to be entered into by the Company with any person in connection with the Acquisition.

### 4.6 Lock-up Undertakings

**4.6.1** Each of the Sellers irrevocably and unconditionally agrees with and undertakes to the Company that it will not, without the prior written consent of the Company, during the period commencing from the completion of the Acquisition until the date falling 12 months thereafter (both dates inclusive) directly or indirectly:

- (a) offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of or transfer, any of its effective interests in the Consideration Shares that it legally and/or beneficially, directly and/or indirectly, holds as at completion of the Acquisition (the "**Lock-up Shares**");
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Shares or any securities convertible into or exercisable or exchangeable for Lock-up Shares;
- (c) deposit any or all Lock-up Shares or securities convertible into or exchangeable for or which carry rights to subscribe or purchase any of the Lock-up Shares in any depository receipt facility; and
- (d) publicly announce any intention to do any of the above.

**4.6.2** The restrictions described in **Paragraph 4.6.1** above do not prohibit:

- (a) MM from creating a charge or any encumbrance or otherwise grant of security over such number of Lock-Up Shares representing the difference between the total number of Lock-Up Shares that MM holds and such number of Lock-up Shares representing at least 10 per cent. of the issued and outstanding share capital of the Company from time to time;
- (b) the Sellers (other than MM) from creating a charge or any encumbrance or otherwise grant of security over the Lock-Up Shares in favour of any financial institution or capital markets licence holder in connection with a *bona fides* transaction that is not entered into for the purpose of circumventing **Paragraph 4.6.1**; or

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- (c) the Sellers from transferring the Lock-up Shares to and between such Seller's sole shareholder and/or wholly-owned companies of such Seller or such Seller's sole shareholder, and in the case of the Senipuri Shareholders and the 2M Shareholders, to and between the other Senipuri Shareholders or 2M Shareholders (as the case may be), provided that in all cases, such transferee has executed and delivered to the Company an undertaking to the effect that the restrictions in **Paragraph 4.6.1** shall *mutatis mutandis* apply to such transferee.

**4.6.3** In the event that any of the Sellers directs that the Consideration Shares be issued to a nominee of such Seller approved by the Company, such Seller shall procure that such nominee provide an undertaking to the Company prior to the issuance of such Consideration Shares acknowledging that the terms of this **Paragraph 4.6** shall apply *mutatis mutandis* to such nominee.

### **4.7 Value of Assets to be Acquired**

**4.7.1 MMGSB.** Based on MMGSB's latest audited accounts as of 30 June 2016, the NAV per ordinary share of MMGSB is approximately RM10.82.

**4.7.2 MMCSB.** Based on MMCSB's latest audited accounts as of 30 June 2016, the NAV per ordinary share of MMCSB is approximately RM5.24.

**4.7.3 MCSB Shares.** Based on MCSB's latest audited accounts as of 30 June 2016, the NAV per ordinary share of MCSB is approximately RM215.15.

**4.7.4 RSHSB Shares.** Based on RSHSB's latest audited accounts as of 30 June 2016, the NAV per ordinary share of RSHSB is approximately RM1.51.

**4.7.5 RMCSA Shares.** Based on RMCSA's latest audited accounts as of 30 June 2016, the NAV per ordinary share of RMCSA is approximately RM46.26.

## **5. MAJOR TRANSACTION**

### **5.1 Chapter 10 of the Listing Manual**

Under Rule 1006 of the Listing Manual, a transaction (as defined in the Listing Manual) may be categorised as a (a) non-discloseable transaction, (b) discloseable transaction, (c) major transaction or (d) very substantial acquisition or reverse takeover, depending on the size of the relative figures computed on the bases set out thereunder. Rule 1014(1) of the Listing Manual states that where an acquisition of assets is one where any of the relative figures computed on the bases set out in Rule 1006 is 20% or more, the transaction is classified as a major transaction.

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### 5.2 Relative Bases under Rule 1006

**5.2.1** The relative figures under Rule 1006 of the Listing Manual for the proposed Acquisition are as follows:

Rule 1006	Bases	Acquisition	Group	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	N.A. <sup>(1)</sup>		
(b)	Net profits attributable to the assets acquired, compared with the Group's net profits	RM31.1 million (SGD10.2 million)	RM70.7 million (SGD23.3 million)	44.0 <sup>(2)</sup>
(c)	Aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares as at 10 November 2016, being the last trading date before the release of the Announcement	RM556.5 million (SGD183.2 million)	SGD353.7 million	51.8 <sup>(3)</sup>
(d)	Number of equity securities issued by the Company as consideration for the Acquisition, compared with the number of equity securities previously in issue	199,822,890	588,662,686	33.9 <sup>(4)</sup>
(e)	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	N.A. <sup>(5)</sup>		

**Notes:**

- (1) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of shares.
- (2) Computed based on the net profits (before income tax, minority interest and extraordinary items) attributable to the shares to be acquired pursuant to the Acquisition of approximately RM31.1 million (SGD10.2 million) for the last 12 month period ended 30 September 2016, compared to the Group's net profits (before income tax, minority interest and extraordinary items) of approximately RM70.7 million (SGD23.3 million) for the last 12 month period ended 30 September 2016.
- (3) Computed based on the aggregate consideration for the Acquisition (based on the Issue Price of the Consideration Shares and excluding transaction costs) of approximately RM556.5 million (or SGD183.2 million), compared with the market capitalisation of the Company on 10 November 2016, being the last trading date before the release of the Announcement, of approximately SGD353.7 million. This relative figure would be 53.8 per cent. if computed based on the aggregate consideration for the Acquisition (based on the VWAP (and not the Issue Price) of Shares on 10 November 2016 and excluding transaction costs) of approximately RM577.6 million (or SGD190.1 million), compared with the market capitalisation of the



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Company on 10 November 2016, being the last trading date before the release of the Announcement, of approximately SGD353.7 million. The market capitalisation is calculated on the basis of a total number of 584,882,686 Shares in issue (excluding any treasury shares) multiplied by the VWAP of such Shares on 10 November 2016.

- (4) Computed based on the 199,822,890 Consideration Shares to be allotted and issued pursuant to the Acquisition, and based on the 588,662,686 Shares in issue as at 10 November 2016, being the last trading date before the release of the Announcement (assuming that all the 3,780,000 share options granted pursuant to the HMI Employee Share Option Scheme were exercised as at that date). All the 3,780,000 share options were exercised on 28 December 2016.
- (5) Rule 1006(e) of the Listing Manual is not applicable to an acquisition of shares.

### 5.2.2 Accordingly, as:

- (a) the net profits (before income tax, minority interest and extraordinary items) contributions of the effective stakes in Mahkota Medical Centre and Regency Specialist Hospital to be acquired pursuant to the Acquisition exceeds 20% of the net profits (before income tax, minority interest and extraordinary items) of the Group for the last 12 month period ended 30 September 2016;
- (b) the aggregate consideration for the Acquisition exceeds 20% of the Company's market capitalisation as at 10 November 2016, being the last trading date before the release of the Announcement; and
- (c) the number of Consideration Shares exceeds 20% of all the issued and outstanding Shares as at 10 November 2016, being the last trading date before the release of the Announcement,

the Acquisition constitutes a "major transaction" under Rule 1014 of the Listing Manual. As such, the Acquisition must be approved by the Shareholders at the EGM.

## 6. INTERESTED PERSON TRANSACTION

### 6.1 Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual governs transactions by an issuer (that is, a company which is listed on the SGX-ST), as well as transactions by the issuer's subsidiaries and associated companies that are considered to be "at risk", with the issuer's interested persons (that is, the issuer's directors, chief executive officer, controlling shareholders and their respective associates). In general, when this Chapter applies to a transaction with an interested person and the value of the transaction singly, or, in aggregation with the values of other transactions entered into with the same interested person in the same financial year equals or exceeds 5% of the issuer's latest audited consolidated NTA, that transaction shall be subject to the approval of the shareholders of the issuer.

### 6.2 Interested Person Transaction

- 6.2.1** Dr. Cheah Way Mun, an independent non-executive Director, holds 64,280 ordinary shares in the capital of Senipuri (or 25.7% of the total issued share capital of Senipuri) and 1,000 ordinary shares in the capital of 2M (or 16.7% of the total issued share capital of 2M), and has non interest-bearing shareholder's loans amounting to SGD555,222.12 owing to him from 2M.



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- 6.2.2** Pursuant to the Senipuri SPA, the Company has agreed to acquire 64,280 ordinary shares in the capital of Senipuri from Dr. Cheah Way Mun. Pursuant to the 2M SPA, the Company has agreed to acquire 1,000 ordinary shares in the capital of 2M from Dr. Cheah Way Mun, and accept an assignment from Dr. Cheah Way Mun of SGD555,222.12 in non interest-bearing shareholder's loans owing to him from 2M (collectively, the "**CWM Acquisition**").
- 6.2.3** The aggregate consideration for the CWM Acquisition is SGD12,405,302, being the SGD equivalent of RM37,687,308 (the "**CWM Purchase Price**"). The CWM Purchase Price will be satisfied by a combination of cash amounting to SGD6,202,651 and 10,881,843 Consideration Shares to be issued at the Issue Price.
- 6.2.4** The CWM Acquisition constitutes a material "interested person transaction" for the Company under Rule 906 of the Listing Manual as:
- (a) Dr. Cheah Way Mun is an independent non-executive Director of the Company; and
  - (b) the CWM Purchase Price represents 16.2% of the Group's latest audited consolidated NTA as at 30 June 2016 of RM232.3 million (SGD76.5 million).

Accordingly, the CWM Acquisition must be approved by the Shareholders at the EGM.

- 6.2.5** There have been no other interested person transactions with Dr. Cheah Way Mun or any other interested persons of the Company, excluding transactions which are less than SGD100,000, since the beginning of the current financial year.
- 6.2.6** Dr. Cheah Way Mun and his associates (as defined under the Listing Manual) will abstain from voting on the ordinary resolutions to be tabled at the EGM to approve the Acquisition and the Rights Issue. As at the Latest Practicable Date, Dr. Cheah Way Mun holds 16,422,602 Shares, representing approximately 2.8% of all the issued and outstanding Shares. Dr. Cheah Way Mun and his associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of the ordinary resolutions to be tabled at the EGM, unless the Shareholder concerned shall have given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the ordinary resolutions.

### **6.3 Independent Financial Adviser**

- 6.3.1** Deloitte has been appointed as the independent financial adviser to the Independent Directors in relation to the CWM Acquisition. Shareholders should consider carefully the recommendation of the Independent Directors and the opinion of Deloitte to the Independent Directors contained in the IFA Letter.
- 6.3.2** In arriving at its recommendations, the IFA has taken into account the following factors which it considers have a bearing on its assessment of the CWM Acquisition:
- (a) the Purchase Price is a negotiated price, agreed on an arm's length basis between the Company and the Sellers;
  - (b) the rationale of the Acquisition, and the CWM Acquisition that forms part thereof;
  - (c) the CWM Acquisition forms a part of the overall Acquisition which involved other sellers who are not interested parties for the purpose of the overall Acquisition;

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- (d) the Lock-up Shares issued to Dr. Cheah Way Mun as part of the CWM Acquisition are subject to restrictions as defined in **Paragraph 4.6** of this Circular;
- (e) the Issue Price represents a premium of 15.4%, 11.1% and 8.1% over the VWAP of the Shares over a 1 year, 6 month and 3 month period respectively and a discount of 5.1% and 5.8% to the VWAP of the Shares over a 1 month period and on 10 November 2016 respectively;
- (f) the LTM EV/EBITDA of 12.1x implied by the Purchase Price, is lower than the mean and median of the LTM EV/EBITDA of the Comparable Companies. The LTM P/E of 34.1x implied by the Purchase Price is lower than the mean and median of the LTM P/E of the Comparable Companies;
- (g) the LTM EV/EBITDA of 12.1x is lower than the mean and marginally higher than the median of the LTM EV/EBITDA of the Comparable Transactions of 13.9x and 12.0x, respectively, and the LTM P/E of 34.1x is lower than the mean and higher than the median of the LTM P/E of the Comparable Transactions of 56.6x and 29.3x respectively; and
- (h) based on the illustrative pro forma financial effects of the Acquisition and the Rights Issue as at 30 June 2016, the Company's fully-diluted earnings per Share would have been 30.4% higher after adjusting for the Acquisition.

**6.3.3** Having considered the above and subject to the assumptions and qualifications set out in the IFA Letter, the IFA is of the opinion that the CWM Acquisition is on normal commercial terms and is not prejudicial to the interests of HMI and its minority Shareholders.

**6.3.4** The IFA Letter is set out in **Appendix A** to this Circular. The IFA has recommended that the Independent Directors advise the minority Shareholders to read this Circular carefully and in its entirety.

## **7. THE RIGHTS ISSUE**

### **7.1 Principal Terms**

**7.1.1** The principal terms of the Rights Issue and the Rights Shares are summarised below:

<b>Basis of provisional allotment</b>	:	The Rights Issue will be made on a renounceable basis to Entitled Shareholders on the basis of 11 Rights Shares for every 200 existing Shares standing to the credit of the Securities Accounts of the Entitled Depositors or held by the Entitled Scripholders, as the case may be, as at the Books Closure Date, fractional entitlements to be disregarded.
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- Rights Price** : SGD0.57 for each Rights Share, payable in full upon acceptance and/or application.
- The Rights Price represents:
- (a) a discount of approximately 5.8% to the closing price of SGD0.605 per Share on the SGX-ST on 10 November 2016, being the last trading date before the release of the Announcement; and
  - (b) a discount of approximately 5.5% to the theoretical ex-rights price of SGD0.603 (being the theoretical market price of each Share assuming the completion of the Rights Issue, and which is calculated based on the closing price of SGD0.605 per Share on the SGX-ST on 10 November 2016, being the last trading date before the release of the Announcement, and the maximum number of Rights Shares).
- Status of Rights Shares** : The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.
- Number of Rights Shares** : Based on the issued share capital of the Company as at the Latest Practicable Date of 588,662,686 Shares (excluding treasury shares) and assuming that the Rights Issue is fully subscribed, the Company will issue 32,376,443 Rights Shares.
- Eligibility to Participate in the Rights Issue** : As there may be prohibitions or restrictions against the offering of Rights Shares in certain jurisdictions, only Entitled Shareholders are eligible to participate in the Rights Issue. Please see **Paragraph 7.4** of this Circular for details on the eligibility of Shareholders to participate in the Rights Issue.
- Listing of the Rights Shares** : The SGX-ST has, on 23 January 2017, granted its approval in-principle for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST, subject to certain conditions, details of which are set out in **Paragraph 9** of this Circular.

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- Trading of the Rights Shares** : Upon the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST, the Rights Shares will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Main Board of the SGX-ST, each board lot of Shares will comprise 100 Shares.
- Trading of Odd Lots of Shares** : Eligible Shareholders who hold odd lots of Shares (that is, lots other than board lots of 100 Shares) and who wish to trade in odd lots are able to trade odd lots of Shares on the SGX-ST's Unit Share Market. The Unit Share Market is a ready market for trading of odd lots of Shares with a minimum size of one (1) Share.
- Trading of Nil-Paid Rights** : Entitled Depositors who wish to trade all or part of their provisional allotments of Rights Shares on the SGX-ST can do so during the trading period for the Nil-Paid Rights.
- Entitled Depositors should note that the Nil-Paid Rights will be tradable in board lots of 100 and 1 Nil-Paid Rights.
- Acceptance, excess application and payment procedures** : Entitled Shareholders will be at liberty to accept, decline, renounce or, in the case of Entitled Depositors, trade on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST, in whole or in part, their Nil-Paid Rights, and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.
- Fractional entitlements to the Rights Shares will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy excess applications for Rights Shares (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

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In the allotment of excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares.

The procedures for, and the terms and conditions applicable to, acceptances, renunciation, splitting and/or sales of the Nil-Paid Rights and for the applications for excess Rights Shares, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement.

- Estimated net proceeds from the Rights Issue** : The estimated net proceeds (after deducting estimated costs, expenses and commissions of approximately SGD0.6 million incurred in connection with the Rights Issue) is expected to be (a) approximately SGD17.9 million under the Maximum Subscription Scenario and (b) approximately SGD9.1 million under the Minimum Subscription Scenario. Please see **Paragraph 7.2** of this Circular for details on the estimated net proceeds.
- Irrevocable Undertakings** : In support of the Rights Issue, the Undertaking Shareholders have each given an irrevocable undertaking to the Company to, *inter alia*, in accordance with the terms and conditions of the Rights Issue and not later than the Closing Date subscribe and pay for and/or procure subscription and payment for their respective *pro rata* entitlements to the Rights Shares under the Rights Issue. Please see **Paragraph 8** of this Circular for details on the Irrevocable Undertakings.
- Use of CPF funds** : CPFIS Members may only use their CPF Funds for the payment of the Rights Price to subscribe for their Nil-Paid Rights and (if applicable) to apply for excess Rights Shares in accordance with applicable CPF rules and regulations.

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Such CPFIS Members who wish to accept the Nil-Paid Rights and (if applicable) apply for excess Rights Shares using CPF Funds will need to instruct their respective approved CPF agent banks to accept their Nil-Paid Rights and (if applicable) apply for excess Rights Shares on their behalf, and must do so in accordance with the terms and conditions in the Offer Information Statement. CPF Funds may not be used to purchase Nil-Paid Rights directly from the market.

**Non-underwritten** : The Rights Issue will not be underwritten.

**Governing law** : Laws of Singapore.

**7.1.2** The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem appropriate. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the Authority and despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the approval of the Shareholders for the Rights Issue at the EGM.

### **7.2 Use of Proceeds**

**7.2.1** The estimated net proceeds from the Rights Issue (after deducting estimated costs, expenses and commissions of approximately SGD0.6 million incurred in connection with the Rights Issue) is expected to be (a) approximately SGD17.9 million under the Maximum Subscription Scenario and (b) approximately SGD9.1 million under the Minimum Subscription Scenario.

**7.2.2** The Company intends to utilise the net proceeds from the Rights Issue to partially pay the cash purchase price for the MIL Acquisition, the Senipuri Acquisition and the 2M Acquisition.

**7.2.3** Pending the deployment of the net proceeds from the Rights Issue, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group. The Company will make periodic announcements on the utilisation of the net proceeds from the Rights Issue as the funds from the Rights Issue are materially disbursed and provide a status report on the use of the net proceeds from the Rights Issue in the Company's annual report.

**7.2.4** There is no minimum amount which, in the reasonable opinion of the Directors, must be raised from the Rights Issue taking into consideration the intended use of the net proceeds from the Rights Issue.

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## LETTER TO SHAREHOLDERS

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### 7.3 Conditions to the Rights Issue

7.3.1 Shareholders should note that the Rights Issue is subject to, *inter alia*, the following:

- (a) the receipt by the Company of the approval in-principle from the SGX-ST for the listing of and quotation for the Rights Shares on the Main Board of the SGX-ST and such approval in-principle not having been withdrawn as at the date of completion of the Rights Issue;
- (b) the approval of Shareholders at the EGM for the Rights Issue, including the allotment and issue of the Rights Shares; and
- (c) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable) to be issued by the Company in connection with the Rights Issue, with the Authority.

### 7.4 Eligibility of Shareholders to Participate in the Rights Issue

#### 7.4.1 Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Rights Issue and to receive the Offer Information Statement, together with the ARE or the PAL, as the case may be, and its accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the Offer Information Statement and the ARE may obtain them from the CDP during the period from the date the Rights Issue commences up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PAL may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares under the Rights Issue on the basis of their shareholdings in the Company as at the Books Closure Date, fractional entitlements to be disregarded. Entitled Shareholders are at liberty to accept, decline, renounce or, in the case of Entitled Depositors, trade on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST, in whole or in part, their Nil-Paid Rights, and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Fractional entitlements to the Rights Shares will be disregarded in arriving at the Shareholders' entitlements and will, together with provisional allotments which are not allotted or taken up for any reason, be aggregated and used to satisfy applications (if any) for excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

In the allotment of excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares.



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## LETTER TO SHAREHOLDERS

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(a) Entitled Depositors

Entitled Depositors should note that all notices and documents will be sent to their last registered Singapore mailing addresses with the CDP. Entitled Depositors are reminded that any request to the CDP to update their records or to effect any change in address must reach the CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, at least three (3) Market Days before the Books Closure Date.

(b) Entitled Scripholders

Entitled Scripholders should note that all correspondences and notices will be sent to their last registered Singapore mailing addresses with the Share Registrar. Entitled Scripholders are reminded that any request to the Share Registrar to update their records or effect any change in address must reach Health Management International Ltd c/o the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least three (3) Market Days before the Books Closure Date.

Entitled Scripholders are encouraged to open Securities Accounts with the CDP if they have not already done so and to deposit their share certificates with the CDP prior to the Books Closure Date so that their Securities Accounts may be credited by the CDP with their Shares and the Nil-Paid Rights. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12<sup>th</sup>) Market Day from the date of lodgement of the share certificates with the CDP or such later date as the CDP may determine.

**All dealings in and transactions of the Nil-Paid Rights through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs, to be issued to Entitled Scripholders, will not be valid for delivery pursuant to trades done on the SGX-ST.**

The procedures for, and the terms and conditions applicable to, acceptances, renunciations and/or sales of the provisional allotments of the Rights Shares and for the applications for excess Rights Shares, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement.

Notwithstanding the foregoing, investors should note that the offer and sale of, or exercise or acceptance of, or subscription for, Nil-Paid Rights and Rights Shares to or by persons located or resident in jurisdictions other than Singapore may be restricted or prohibited by the laws of the relevant jurisdiction. Crediting of Nil-Paid Rights to any Securities Account, the receipt of any Nil-Paid Rights, or receipt of this Circular, the Offer Information Statement and/or any of its accompanying documents, will not constitute an offer or sale in those jurisdictions in which it will be illegal to make such offer or sale, or where such offer or sale will otherwise violate the securities laws of such jurisdictions or be restricted or prohibited. The Company reserves absolute discretion in determining whether any person may participate in the Rights Issue.



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## LETTER TO SHAREHOLDERS

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### 7.4.2 Foreign Shareholders

The Offer Information Statement and its accompanying documents have not been and will not be registered, lodged or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Rights Shares will not be offered to and the Offer Information Statement and its accompanying documents have not been and will not be despatched to Foreign Shareholders or into any jurisdictions outside Singapore.

**Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No Nil-Paid Rights will be allotted to Foreign Shareholders, and no purported acceptance thereof or application therefor by any Foreign Shareholder will be valid.**

The Offer Information Statement and its accompanying documents will also not be despatched to Foreign Purchasers. Foreign Purchasers who wish to accept the Nil-Paid Rights credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Further, any renouncee of an Entitled Scripholder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the Nil-Paid Rights renounced to him. The Company reserves the right to reject any acceptances of the Rights Shares and/or applications for excess Rights Shares where it believes, or has reason to believe, that such acceptance and/or application may violate the applicable legislation of any jurisdiction.

The Company reserves the right to treat as invalid any ARE, ARS or PAL which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore or which the Company believes or has reason to believe may violate the applicable legislation of such jurisdiction; (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore; or (c) purports to exclude any deemed representation or warranty required by the terms of the Offer Information Statement, the ARE, the ARS or the PAL.

It is the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside Singapore wishing to take up their provisional allotment of Rights Shares or apply for excess Rights Shares under the Rights Issue to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this section are intended as a general guide only and any Foreign Shareholder who is in doubt as to his position should consult his professional advisers without delay.

Receipt of this Circular, the Offer Information Statement, the ARE, ARS or PAL, or the crediting of Nil-Paid Rights or Rights Shares to a Securities Account shall not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Circular, the Offer Information Statement and the AREs, ARSs or PALs must be treated as sent for information only and should not be copied or redistributed. No person receiving a copy of this Circular, the Offer Information Statement, an ARE, ARS or

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## LETTER TO SHAREHOLDERS

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PAL and/or a credit of Nil-Paid Rights or Rights Shares to a Securities Account in any territory other than Singapore may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such ARE, ARS or PAL and/or accept any credit of Nil-Paid Rights or Rights Shares to a Securities Account unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such ARE, ARS or PAL and/or credit of Nil-Paid Rights or Rights Shares to a Securities Account could lawfully be used or accepted, and any transaction resulting from such use or acceptance could be effected, without contravention of any registration or other legal or regulatory requirements.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this Circular, the Offer Information Statement and/or an ARE, ARS or PAL or whose Securities Accounts are credited with Nil-Paid Rights should not distribute or send the same or transfer Nil-Paid Rights in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If this Circular, the Offer Information Statement, an ARE, ARS or PAL or a credit of Nil-Paid Rights is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the Nil-Paid Rights, and renounce such ARE, ARS or PAL or transfer the Nil-Paid Rights unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who forwards this Circular, the Offer Information Statement, or an ARE, ARS or PAL or transfers Nil-Paid Rights into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section as well as the relevant sections of the Offer Information Statement.

If it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the Nil-Paid Rights which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after commencement of trading of Nil-Paid Rights. Such sales will, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date and sent to them by ordinary post at their own risk, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder or persons acting to the account or benefit of any such persons is less than SGD10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Directors, the Manager, the CDP, the Share Registrar and/or their respective officers in connection therewith.

Where such Nil-Paid Rights are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Directors, the Manager, the CDP, the Share Registrar or their respective officers in respect of such sales or the proceeds thereof, the Nil-Paid Rights or the Rights Shares represented by such Nil-Paid Rights.

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## LETTER TO SHAREHOLDERS

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If such Nil-Paid Rights cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading of the Nil-Paid Rights, the Rights Shares represented by such Nil-Paid Rights will be issued to satisfy applications for excess Rights Shares (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder or persons acting to the account or benefit of any such persons shall have any claim whatsoever against the Company, the Directors, the Manager, the CDP, the Share Registrar and/or their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders. However, the Company reserves the right to make similar arrangements for the Nil-Paid Rights which would otherwise have been allotted to certain Entitled Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the Nil-Paid Rights commence, where the beneficial holders of such Nil-Paid Rights are restricted or prohibited by the laws of the jurisdiction in which they are located or resident from participating in the Rights Issue.

**SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE SHOULD HAVE PROVIDED THE CDP (AT 9 NORTH BUONA VISTA DRIVE, #01-19/20 THE METROPOLIS, SINGAPORE 138588) OR THE SHARE REGISTRAR (AT 50 RAFFLES PLACE, #32-01 SINGAPORE LAND TOWER, SINGAPORE 048623), AS THE CASE MAY BE, WITH ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE.**

**Notwithstanding anything herein, Entitled Shareholders and/or any other person having possession of this Circular, the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto at their own expense and without liability to the Company, the Manager or any other person involved in the Rights Issue.**

Depositors should note that all correspondences will be sent to their last registered Singapore mailing addresses with the CDP. Depositors should note that any request to the CDP to update its records or to effect any change in address should have reached the CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, at least three (3) Market Days before the Books Closure Date. Shareholders whose Shares are registered in their own names (not being Depositors) who do not presently have an address in Singapore for the service of notices and documents and who wish to be eligible to participate in the Rights Issue should have provided such an address in Singapore by notifying Health Management International Ltd c/o the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least three (3) Market Days before the Books Closure Date.

### **7.4.3 Consideration Shares**

For the avoidance of doubt, the Consideration Shares will not be entitled to participate in the Rights Issue.

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### 7.5 Non-underwritten Rights Issue

In view of the Irrevocable Undertakings as set out in **Paragraph 8** of this Circular and the cost savings for the Company in not having to incur underwriting fees, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

### 7.6 Books Closure Date

Subject to the approval of Shareholders for the Rights Issue being obtained at the EGM, the Register of Members and the Share Transfer Books of the Company will be closed at such time and date as the Directors may determine, for the purpose of determining the provisional allotments of Entitled Shareholders under the Rights Issue.

### 7.7 Offer Information Statement

An Offer Information Statement will be despatched to the Entitled Shareholders subject to, *inter alia*, the approval of Shareholders for the Rights Issue being obtained at the EGM. Acceptances and applications under the Rights Issue can only be made on the following (all of which will form part of the Offer Information Statement):

- (a) the PAL, in the case of Entitled Scripholders;
- (b) the ARE or through the ATMs of the Participating Banks, in the case of Entitled Depositors; and
- (c) the ARS or through the ATMs of the Participating Banks, in the case of persons purchasing Nil-Paid Rights through the book-entry (scripless) settlement system whose registered addresses are in Singapore.

### 7.8 Share Options

On 14 November 2014, the Company had granted Dr. Gan See Khem, Dr. Chin Koy Nam and Ms. Chin Wei Jia an aggregate of 3,780,000 share options pursuant to the HMI Employee Share Option Scheme at an exercise price of SGD0.28 per Share. The share options are exercisable from 14 November 2015 and expire on 13 November 2024. On 28 December 2016, the Company announced that it has allotted and issued an aggregate of 3,780,000 new Shares to the option holders following the exercise of all 3,780,000 share options by the respective option holders.

### 7.9 Review of Working Capital

Details of the Group's working capital position as at 30 June 2014, 30 June 2015 and 30 June 2016 are set out in **Appendix B** to this Circular.

## 8. IRREVOCABLE UNDERTAKINGS

### 8.1 In consideration of the Company agreeing to undertake the Acquisition, each Undertaking Shareholder has provided an undertaking to the Company that, *inter alia*:

- (a) it shall vote all the Shares in which it has an interest as at the date of the Irrevocable Undertakings in favour of the resolutions to be proposed at the EGM, to approve the Acquisition, the Rights Issue and the issue of Rights Shares.

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As at the date of the Irrevocable Undertakings, the aggregate number of Shares in which the Undertaking Shareholders have an interest is 304,582,095 Shares, the details of which are set out in the table below. This represents approximately 51.7 per cent. of the total issued Shares as at the Latest Practicable Date.

	Undertaking Shareholder	Number of Shares as at the date of the Irrevocable Undertakings
1	Nam See Investment (Pte) Ltd.	280,747,973
2	Dr. Gan See Khem	8,692,600
3	Dr. Chin Koy Nam	3,288,000
4	Ms. Chin Wei Jia	8,270,400
5	Mr. Chin Wei Yao	2,147,600
6	Ms. Chin Wei Shan	1,435,522
	<b>Total</b>	<b>304,582,095</b>

The shareholding interests of the Undertaking Shareholders have increased by 3,999,500 Shares between the date of the Irrevocable Undertakings and the Latest Practicable Date due to the exercise by Dr. Gan See Khem, Dr. Chin Koy Nam and Ms. Chin Wei Jia of the 3,780,000 share options granted to them pursuant to the HMI Employee Share Option Scheme (as set out in **Paragraph 7.8** of this Circular) and on-market purchases of 219,500 Shares by Nam See Investment (Pte) Ltd.. The Undertaking Shareholders will also vote these 3,999,500 Shares, representing approximately 0.7 per cent. of the total issued Shares as at the Latest Practicable Date, in favour of the resolutions to be proposed at the EGM, to approve the Acquisition, the Rights Issue and the issue of Rights Shares.

- (b) it will subscribe and make payment in full for its *pro rata* entitlement to the Rights Shares under the Rights Issue in accordance with the terms and conditions of the Rights Issue and in any case not later than the Closing Date.

As at the Latest Practicable Date, the Undertaking Shareholders have an interest in an aggregate number of 308,581,595 Shares, representing approximately 52.4 per cent. of the total issued Shares. Therefore, the Undertaking Shareholders will subscribe and pay for an aggregate of 16,971,977 Rights Shares, being their *pro rata* entitlements under the Rights Issue and which constitute approximately 52.4 per cent. of the total number of Rights Shares.

### 9. SGX-ST APPROVAL

**9.1** On 23 January 2017, the SGX-ST granted its approval in-principle for the listing of and quotation for the Consideration Shares and the Rights Shares on the Main Board of the SGX-ST, subject to the following conditions:

- (a) compliance with the SGX-ST's listing requirements;
- (b) Shareholders' approval for the Acquisition, the CWM Acquisition, and the Rights Issue;
- (c) a written undertaking from the Company that it will comply with Listing Rule 803;

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## LETTER TO SHAREHOLDERS

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- (d) a written undertaking from the Company that it will comply with Listing Rules 704(30), 815 and 1207(20) in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (e) a written undertaking from the Company that it will comply with Listing Rule 877(10) with regards to the allotment of any excess Rights Shares; and
- (f) a written confirmation from financial institution(s) as required under Listing Rule 877(9) that the Undertaking Shareholders have sufficient financial resources to fulfill their obligations under the Irrevocable Undertakings.

The SGX-ST's approval in-principle is not to be taken as an indication of the merits of the Acquisition, the Rights Issue, the Shares, the Consideration Shares, the Rights Shares, the Nil-Paid Rights, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

### 10. FINANCIAL EFFECTS

#### 10.1 Financial Effects

The following pro forma financial effects analysis of the Acquisition and the Rights Issue is prepared for illustrative purposes only, to show:

- (a) what the number of issued and outstanding Shares and the NTA/NAV and Leverage Ratio of the Group as at 30 June 2016 would have been if the Acquisition and the Rights Issue had been effected as of that date; and
- (b) what the fully-diluted EPS of the Company would have been if the Acquisition and the Rights Issue had been effected as of 1 July 2015.

The following pro forma financial information may not, because of its nature, give a true picture of:

- (i) what the relevant fully-diluted EPS, NTA/NAV and Leverage Ratio as at, and for the financial year ended, 30 June 2016 might have been if the Acquisition and the Rights Issue had actually been effected as of 1 July 2015 and 30 June 2016, respectively; and
- (ii) the actual future financial situation of the Group after the completion of the Acquisition and the Rights Issue.

#### 10.2 Assumptions

For the purpose of this **Paragraph 10**, the following assumptions apply:

- (a) based on the audited consolidated financial statements of the Group for FY2016;
- (b) assuming (i) insofar as NTA/NAV and Leverage Ratio are concerned, that the Acquisition and the Rights Issue have been effected as of 30 June 2016 and (ii) insofar as fully-diluted EPS is concerned, that the Acquisition and the Rights Issue had been effected as of 1 July 2015;



## LETTER TO SHAREHOLDERS

- (c) assuming (i) insofar as NTA/NAV and Leverage Ratio are concerned, an exchange rate of SGD1:RM2.9599, being the exchange rate prevailing as at 30 June 2016, and (ii) insofar as fully-diluted EPS is concerned, an exchange rate of SGD1:RM2.9635, being the average of the exchange rate prevailing as at the end of each calendar month in FY2016;
- (d) as at the date of the Announcement, the total number of issued and outstanding Shares is 584,882,686;
- (e) the Rights Issue has been fully subscribed by the Shareholders on a *pro rata* basis;
- (f) the total number of issued and outstanding Shares is 588,662,686 as at the Books Closure Date;
- (g) the completion of the MIL Acquisition, the Senipuri Acquisition, the 2M Acquisition, the Dr. A Acquisition and the Dr. B Acquisition takes place on the same day and the Consideration Shares are issued upon the completion of the Acquisition;
- (h) assuming that one-off transaction fees, expenses and taxes are excluded in the computation of fully-diluted EPS and EBITDA, but included in the NTA/NAV and Net Debt/(Cash) calculations; and
- (i) additional debt facility of SGD62.0 million at an interest rate of 5.25%.

### 10.3 Number of Issued and Outstanding Shares

On the bases and assumptions set out above, the pro forma effect of the Acquisition and the Rights Issue on the number of issued and outstanding Shares is as follows:

	Before Acquisition and Rights Issue as at 30 June 2016	Post-Acquisition and Rights Issue
Issued and Outstanding Share Capital (Number of Shares)	576,062,686	820,862,019

### 10.4 FY2016 Fully-diluted EPS

On the bases and assumptions set out above, the pro forma effect of the Acquisition and the Rights Issue on FY2016 fully-diluted EPS of the Company is as follows:

	Before Acquisition and Rights Issue as at 30 June 2016	Post-Acquisition and Rights Issue
Profit After Tax Attributable to Shareholders (RM million)	19.9	36.2
Weighted Average Number of Shares (million)	589.4	821.6
FY2016 Fully-diluted EPS (RM sen)	3.38	4.40

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### 10.5 Leverage Ratio

On the bases and assumptions set out above, the pro forma effect of the Acquisition and the Rights Issue on the Leverage Ratio of the Group is as follows:

	<b>Before Acquisition and Rights Issue as at 30 June 2016</b>	<b>Post-Acquisition and Rights Issue</b>
Net Debt/(Cash) (RM million)	(37.1)	141.7
EBITDA (RM million)	84.5	89.6
Leverage Ratio	(0.4x)	1.6x

### 10.6 NTA/NAV

On the bases and assumptions set out above, the pro forma effect of the Acquisition and the Rights Issue on the NTA/NAV per Share is as follows:

	<b>Before Acquisition and Rights Issue as at 30 June 2016</b>	<b>Post-Acquisition and Rights Issue</b>
NTA/NAV to Ordinary Shareholders (RM million)	170.6	108.9
Total Number of Outstanding Shares (million)	576.1	820.9
NTA/NAV per Share (RM sen)	29.6	13.3

The Acquisition and the Rights Issue will reduce the NTA/NAV of the Group by RM61.7 million as the excess of purchase consideration over the book value of the non-controlling interests will be recorded in the capital reserve, offset by the issuance of new share capital.



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### 11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

**11.1** The interests of the Directors and the Substantial Shareholders in the Shares, as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders' Shareholdings of the Company maintained pursuant to Sections 164 and 88 of the Companies Act, as at the Latest Practicable Date and following the completion of the Acquisition and the Rights Issue, are as follows:

	As at the Latest Practicable Date <sup>(1)</sup>						After issuance of the Consideration Shares and the Rights Shares <sup>(2)</sup>					
	Direct Interest		Deemed Interest		Total Interest		Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Directors</b>												
Dr. Gan See Khem <sup>(3)(4)</sup>	10,204,600	1.7	298,376,995	50.7	308,581,595	52.4	10,765,853	1.3	314,787,719	38.3	325,553,572	39.7
Ms. Chin Wei Jia	9,782,400	1.7	–	–	9,782,400	1.7	10,320,432	1.3	–	–	10,320,432	1.3
Mr. Chin Wei Yao	2,147,600	0.4	–	–	2,147,600	0.4	2,265,718	0.3	–	–	2,265,718	0.3
Dr. Cheah Way Mun	16,422,602	2.8	–	–	16,422,602	2.8	28,207,688	3.4	–	–	28,207,688	3.4
Professor Tan Chin Tiong	2,285,627	0.4	–	–	2,285,627	0.4	2,411,335	0.3	–	–	2,411,335	0.3
Professor Annie Koh	–	–	–	–	–	–	–	–	–	–	–	–
<b>Substantial Shareholders</b>												
Nam See Investment (Pte) Ltd.	280,967,473	47.7	–	–	280,967,473	47.7	296,420,680	36.1	–	–	296,420,680	36.1
Dr. Chin Koy Nam <sup>(3)(4)</sup>	4,044,000	0.7	304,537,595	51.7	308,581,595	52.4	4,266,420	0.5	321,287,152	39.1	325,553,572	39.7
Kabouter Management, LLC <sup>(5)</sup>	48,881,965	8.3	–	–	48,881,965	8.3	51,570,464	6.3	–	–	51,570,464	6.3
Maju Medik (Malaysia) Sdn. Bhd. <sup>(6)</sup>	–	–	–	–	–	–	154,203,259	18.8	–	–	154,203,259	18.8
<b>Public</b>					212,490,897	36.1					258,915,701	31.5
<b>Total</b>					588,662,686	100.0					820,862,019	100.0

#### Notes:

- (1) Based on the total number of issued and outstanding Shares of 588,662,686 (excluding 1,209,600 treasury shares) as at the Latest Practicable Date.
- (2) Assumes that the Rights Issue is fully subscribed on a *pro rata* basis and 32,376,443 Rights Shares are allotted and issued by the Company.
- (3) 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, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan. As at the Latest Practicable Date, Ms. Chin Wei Shan has a direct interest in 1,435,522 Shares and after issuance of the Consideration Shares and the Rights Shares, based on the assumption that the Rights Issue is fully subscribed on a *pro rata* basis, Ms. Chin Wei Shan will have a direct interest in 1,514,469 Shares.
- (4) 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, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan.
- (5) Kabouter Management, LLC's deemed interest in the Company is held through funds managed by Kabouter Management, LLC.
- (6) Maju Medik (Malaysia) Sdn. Bhd. is a company incorporated in Malaysia and its controlling shareholder is Datuk Fakhri Yassin bin Mahiaddin.

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## LETTER TO SHAREHOLDERS

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- 11.2** Save as disclosed in this Circular, none of the Directors or Substantial Shareholders or their respective associates has any interest, direct or indirect, in the Acquisition, CWM Acquisition or the Rights Issue other than through their respective shareholdings (direct and indirect) in the Company.

### **12. EXTRAORDINARY GENERAL MEETING**

The EGM will be held at Event Hall 1-1, Level 1, Lifelong Learning Institute, 11 Eunos Road 8, Singapore 408601 on 10 February 2017 at 1.30 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions set out in the Notice of EGM.

### **13. ACTION TO BE TAKEN BY SHAREHOLDERS**

#### **13.1 Appointment of Proxies**

Shareholders will find enclosed with this Circular, the Notice of EGM and a Proxy Form. If a Shareholder is unable to attend the EGM and wishes to appoint a proxy or proxies to attend, speak and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 48 hours before the time appointed for the holding of the EGM.

Completion and return of the Proxy Form by a Shareholder does not preclude him from attending, speaking and voting in person at the EGM in place of his proxy/proxies if he so wishes. In such an event, the Proxy Form will be deemed to be revoked, and the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.

Dr. Cheah Way Mun and his associates (as defined under the Listing Manual) will abstain from voting on the ordinary resolutions to be tabled at the EGM to approve the Acquisition and the Rights Issue. As at the Latest Practicable Date, Dr. Cheah Way Mun holds 16,422,602 Shares, representing approximately 2.8% of all the issued and outstanding Shares. Dr. Cheah Way Mun and his associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of the ordinary resolutions to be tabled at the EGM, unless the Shareholder concerned shall have given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the ordinary resolutions.

#### **13.2 Depositors**

Pursuant to Section 81SJ of the SFA, a Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP as at 72 hours before the time fixed for the EGM.

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## LETTER TO SHAREHOLDERS

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### 14. DIRECTORS' RECOMMENDATION

- 14.1** Having considered the terms, and the rationale and benefits, of the Acquisition (including the CWM Acquisition) and the Rights Issue, as well as the opinion of Deloitte set out in the IFA Letter, the Independent Directors are unanimously of the view that the Acquisition (including the CWM Acquisition) and the Rights Issue are in the best interests of the Company and the Shareholders. Accordingly, the Independent Directors unanimously recommend that Shareholders vote in favour of the ordinary resolutions relating to the Acquisition (including the CWM Acquisition) and the Rights Issue as set out in the Notice of EGM on pages **C-1 to C-6** of this Circular) at the EGM to be held on 10 February 2017.
- 14.2** Dr. Cheah Way Mun, an independent non-executive Director is not considered to be independent in relation to the CWM Acquisition. He has accordingly abstained from making any recommendation to Shareholders and has not participated in the discussions relating to the Acquisition and the Rights Issue.
- 14.3** In giving the above recommendation, the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs or constraints of any individual Shareholder. As different Shareholders have different investment portfolios and objectives, the IFA has advised the Independent Directors to recommend that any Shareholder who may require specific advice in relation to his or her investment portfolio should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

### 15. RESPONSIBILITY STATEMENTS

#### 15.1 Directors' Responsibility Statement

Save for the IFA Letter, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Acquisition, the Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

#### 15.2 Financial Adviser's Responsibility Statement

To the best of the Financial Adviser's knowledge and belief, this Circular (save for the IFA Letter) constitutes full and true disclosure of all material facts about the Acquisition, the Company and its subsidiaries, and the Financial Adviser is not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Financial Adviser has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 15.3 Manager's Responsibility Statement

To the best of the Manager's knowledge and belief, this Circular (save for the IFA Letter) constitutes full and true disclosure of all material facts about the Rights Issue, and the Manager is not aware of any facts the omission of which would make any statement in relation to the Rights Issue in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Manager has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

### 16. CONSENTS

- 16.1** Deloitte & Touche Corporate Finance Pte Ltd, the independent financial adviser to the Independent Directors, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they are respectively included in this Circular.
- 16.2** Credit Suisse (Singapore) Limited, the Financial Adviser, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references thereto, in the form and context in which they are respectively included in this Circular.
- 16.3** Oversea-Chinese Banking Corporation Limited, the Manager, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references thereto, in the form and context in which they are respectively included in this Circular.

### 17. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any legal or arbitration proceedings to which any member of the Group is a party of or which is pending or known to be contemplated which may have or which have had in the 12 months immediately preceding the date of this Circular, a material effect on the financial position or profitability of the Group.

### 18. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contracts outside the ordinary course of business for the period of two years immediately preceding the Latest Practicable Date:

- (a) the Term Loan Facility;
- (b) the MIL SPA, the Senipuri SPA, the 2M SPA, the Dr. A SPAs and the Dr. B SPAs; and
- (c) the Irrevocable Undertakings.

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## LETTER TO SHAREHOLDERS

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### 19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the constitution of the Company;
- (b) the annual report of the Company for FY2014, FY2015 and FY2016;
- (c) the MIL SPA, the Senipuri SPA, the 2M SPA, the Dr. A SPAs and the Dr. B SPAs;
- (d) the IFA Letter; and
- (e) the letters of consent referred to in **Paragraph 16** of this Circular.

Yours faithfully  
For and on behalf of the Board

**Dr. Gan See Khem**  
**Executive Chairman and Managing Director**  
**HEALTH MANAGEMENT INTERNATIONAL LTD**

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## APPENDIX A: IFA LETTER

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26 January 2017

The Independent Directors  
Health Management International Ltd  
7 Temasek Boulevard #12-10  
Suntec Tower One  
Singapore 038987

Dear Sirs

**PROPOSED ACQUISITION OF 25.7% OF SHARES IN SENIPURI EMAS SDN. BHD. AND 16.7% OF SHARES IN 2M MEDICAL CONSULTANTS PTE. LTD., AND AN ACCEPTANCE OF ASSIGNMENT OF SGD555,222.12 IN NON INTEREST-BEARING SHAREHOLDER'S LOANS IN 2M MEDICAL CONSULTANTS PTE. LTD., FROM DR. CHEAH WAY MUN, WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION UNDER THE LISTING MANUAL OF THE SGX-ST.**

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 26 January 2017 to the shareholders of Health Management International Ltd (the “**Circular**”).*

### 1. INTRODUCTION

Health Management International Ltd (“**HMI**” or the “**Company**”, together with its subsidiaries, the “**Group**”) is a growing regional private healthcare provider, whose shares (the “**Shares**”) are traded on the Main Board of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Company’s key assets comprise two tertiary hospitals in Malaysia, the Mahkota Medical Centre in Malacca, Malaysia and the Regency Specialist Hospital in Iskandar, Johor, Malaysia, providing a comprehensive suite of medical and surgical services. HMI also owns and operates the HMI Institute of Health Sciences in Singapore, which provides a wide range of healthcare and emergency life support training services. On 11 November 2016 (the “**Announcement Date**”), the Company announced that it has entered into agreements to increase its ownership in Mahkota Medical Centre and Regency Specialist Hospital to 100% each for an aggregate consideration of RM556.5 million (or SGD183.2 million) (the “**Purchase Price**”), fixed at the exchange rate of SGD1:RM3.0380 (the “**Agreed Exchange Rate**”). The Purchase Price will be partially funded by the allotment and issuance of 199,822,890 new Shares in relation to the Acquisition (the “**Consideration Shares**”) and up to 32,376,443 new Shares (the “**Rights Shares**”) in relation to the renounceable non-underwritten rights issue by the Company (the “**Rights Issue**”), each to be issued at a price of SGD0.57 (collectively, the “**Issue Price**”).

#### 1.1 The Acquisition

The Company proposes to increase its ownership in 48.9%-owned Mahkota Medical Centre and 60.8%-owned Regency Specialist Hospital to 100% each for an aggregate consideration of RM556.5 million (or SGD183.2 million). Mahkota Medical Centre is a 288-bed capacity tertiary hospital located in Malacca, Malaysia, which has been operational since 1994 and serves almost 300,000 patients per year. Regency Specialist Hospital is a 218-bed capacity tertiary hospital in Iskandar, Johor, Malaysia, which has been operational since 2009 and serves over 110,000 patients per year.

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## APPENDIX A: IFA LETTER

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On 11 November 2016, the Company announced that it has agreed to increase its ownership in its two hospitals, 48.9%-owned Mahkota Medical Centre and 60.8%-owned Regency Specialist Hospital, to 100% each for an aggregate consideration of RM556.5 million (or SGD183.2 million), to be satisfied by a combination of SGD69,295,184 in cash and 199,822,890 Consideration Shares to be issued at the issue price of SGD0.57 per Consideration Share. This will be achieved by the Company's acquisition of:

- (a) all the shares in MIL Mentari Sdn. Bhd. ("**MIL**"), a wholly-owned holding entity of Maju Medik (Malaysia) Sdn. Bhd.<sup>1</sup> ("**MM**");
- (b) all the shares in Senipuri Emas Sdn. Bhd. ("**Senipuri**");
- (c) all the shares in 2M Medical Consultants Pte. Ltd. ("**2M**"), including acceptance of an assignment of outstanding non interest-bearing shareholders' loans of approximately SGD3,331,334.74 in 2M;
- (d) all the shares held by Dr. Ang Eng Lip in Mahkota Medical Centre Sdn. Bhd. ("**MMCSB**"), Mahkota Medical Group Sdn. Bhd. ("**MMGSB**") and Mahkota Commercial Sdn. Bhd. ("**MCSB**"); and
- (e) all the shares held by Dr. Fan Richard @Fan Foo Tang Richard in MMCSB, MMGSB and MCSB,

(collectively, the "**Acquisition**").

As part of the Acquisition, it will be acquiring (i) 64,280 ordinary shares in the capital of Senipuri and (ii) 1,000 ordinary shares in the capital of 2M, and it will be accepting an assignment of non interest-bearing shareholders' loans owing from 2M to Dr. Cheah Way Mun amounting to SGD555,222.12, from Dr. Cheah Way Mun, an independent non-executive Director of the Company (collectively, the "**CWM Acquisition**").

For the avoidance of doubt, all of the above RM amounts have been translated into SGD at the Agreed Exchange Rate.

### 1.2 The Transaction

HMI is seeking approval from the shareholders of HMI (the "**Shareholders**") for the Acquisition, including the CWM Acquisition, which will be satisfied by a combination of internal cash resources, debt and equity financing, details of which are set out in Paragraph 3.5 of this letter and Paragraph 4.2 of the Circular.

As set out in Paragraph 6.2 of the Circular, the aggregate consideration that is payable to Dr. Cheah Way Mun for the CWM Acquisition is SGD12,405,302, being the SGD equivalent of RM37,687,308 (the "**CWM Purchase Price**"). The CWM Purchase Price (being approximately 16.2% of the Group's latest audited consolidated NTA as at 30 June 2016) exceeds the relevant threshold as described in Paragraph 6.2.4 of the Circular.

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<sup>1</sup> Maju Medik (Malaysia) Sdn. Bhd. will, prior to completion of the Acquisition, undergo an internal restructuring to transfer all its interests in MMCSB, MMGSB and MCSB to MIL Mentari Sdn. Bhd..

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## APPENDIX A: IFA LETTER

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As CWM is an independent non-executive Director of HMI, he is therefore (for the purposes of the Listing Manual) an “interested person” of HMI. Therefore, the CWM Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

We, Deloitte & Touche Corporate Finance Pte Ltd (“**Deloitte**”), have been appointed as independent financial adviser (the “**IFA**”) to the directors of HMI who are considered independent for the purposes of making a recommendation on the Acquisition and the Rights Issue (the “**Independent Directors**”), in respect of whether the CWM Acquisition is on normal commercial terms and is not prejudicial to the interests of HMI and its minority Shareholders.

This letter, which sets out our evaluation for the Independent Directors in respect of this engagement, is an integral part of the Circular.

### 2. TERMS OF REFERENCE

Our responsibility is to provide our opinion as to whether the CWM Acquisition is on normal commercial terms and is not prejudicial to the interests of HMI and its minority Shareholders.

We were neither a party to the negotiations entered into in relation to the CWM Acquisition nor were we involved in the deliberations leading up to the decision on the part of the Company to undertake the CWM Acquisition.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the CWM Acquisition. All such evaluations, advice, judgements or comments remain the responsibility of the Directors. We have however, drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, nor do we express, a view on the future growth prospects, earnings potential or value of HMI. We do not express any view as to the price at which the Shares may trade upon completion of the CWM Acquisition nor on the future value, financial performance or condition of HMI after the CWM Acquisition.

It is also not within our terms of reference to compare the merits of the CWM Acquisition to any alternative arrangements that were or may have been available to HMI. Such comparison and consideration remain the responsibility of the Directors.

In the course of our evaluation, we have held discussions with the Management of the Company, and have considered the information contained in the Circular, publicly available information collated by us as well as information, both written and verbal, provided to us by the Management. We have relied upon and assumed the accuracy of the relevant information, both written and verbal, provided to us by the aforesaid parties and have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness and adequacy of such information. We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have



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## APPENDIX A: IFA LETTER

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nonetheless made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, property, plant and equipment) of HMI, the Group, MMCSB, Regency Specialist Hospital Sdn. Bhd. (“**RSHSB**”) or Regency Medical Centre (Seri Alam) Sdn. Bhd. (“**RMCSA**”) and have made reference to the information provided to us.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on, and our analysis of the information made available to us as at, 19 January 2017 (the “**Latest Practicable Date**”). We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. Shareholders should take note of any announcements relevant to their considerations of the Acquisition which may be released by HMI after the Latest Practicable Date.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder. As the Shareholders will have different investment objectives, we advise the Independent Directors to recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors.

Our opinion in relation to the CWM Acquisition as set out under Paragraph 5 of this letter should be considered in the context of the entirety of our advice. This letter is prepared for the purpose as required in Listing Rule 921(4)(a) and for the benefit and use by the Independent Directors and will be incorporated as an Appendix to the Circular. The Company may not reproduce, disseminate or quote this letter or any part thereof for any purpose, other than for the purpose stated herein, without our prior written consent in each instance.

### 3. DETAILS OF THE ACQUISITION

#### 3.1 Information on Mahkota Medical Centre and Regency Specialist Hospital

Based on Paragraph 2 of the Circular, we set out below the information on Mahkota Medical Centre and Regency Specialist Hospital in relation to the Acquisition:

**“2.1 MAHKOTA MEDICAL CENTRE.** *The Company first acquired a 20.0% direct stake in Mahkota Medical Centre in 1999, and gradually increased its shareholding to the current 48.9% by 2007. Operational since 1994, Mahkota Medical Centre is a 288-bed capacity tertiary hospital in Malacca, Malaysia. It serves almost 300,000 patients per year, with over 120 practising consultants in a wide range of specialities including oncology, cardiology, neurology, obstetrics & gynaecology and orthopaedic surgery.*

*In FY2016, Mahkota Medical Centre continued to grow its revenue by 8.3% from RM229.0 million (SGD75.4 million) to RM248.0 million (SGD81.6 million), with EBITDA increasing 11.8% from RM61.0 million (SGD20.1 million) to RM68.2 million (SGD22.4 million). For FY2016, Mahkota Medical Centre recorded a pre-tax profit of*

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## APPENDIX A: IFA LETTER

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RM50.7 million (SGD16.7 million). Patient load in FY2016 increased by 1.9% to around 295,000, and the beds occupancy rate for FY2016, calculated based on the midnight bed census, was 65%.

Operationally, Mahkota Medical Centre continues to expand its core specialities and sub-specialities, invest in the latest medical equipment, further develop its Centres of Excellence and increase utilisation of its existing facilities for patient services.

**2.2 REGENCY SPECIALIST HOSPITAL.** The Company first acquired a 44.0% effective stake in Regency Specialist Hospital in 2007 and gradually increased its effective shareholding to the current 60.8% by 2009. Operational since 2009, Regency Specialist Hospital is a 218-bed capacity tertiary hospital in Iskandar, Johor, Malaysia. It serves over 110,000 patients per year, with over 70 practising consultants in a wide range of specialities including oncology, cardiology, neurology, obstetrics & gynaecology and orthopaedic surgery.

In FY2016, Regency Specialist Hospital continued to grow its revenue by 27.8% from RM110.9 million (SGD36.5 million) to RM141.7 million (SGD46.6 million), with EBITDA increasing 45.8% from RM19.2 million (SGD6.3 million) to RM28.0 million (SGD9.2 million). For FY2016, Regency Specialist Hospital recorded a pre-tax profit of RM23.6 million (SGD7.8 million). Patient load in FY2016 increased by 13.9% to around 114,000, and the beds occupancy rate for FY2016, calculated based on the midnight bed census, was 70%.

To cater to the growing number of patients, Regency Specialist Hospital will be constructing a new hospital extension block adjacent to its existing hospital building. The new block will more than double its existing capacity with more inpatient beds, clinical services, operating theatres, as well as clinical suites for sale or rental to doctors. Construction is expected to commence in the second half of 2017 and take approximately 2.5 years to complete. As at the Latest Practicable Date, the capital expenditure for the extension block is estimated at approximately RM160 million. This is a preliminary estimate that is subject to change as the expansion plans are still being finalised. The expansion is expected to be funded by debt and internal cash resources. The amount of loan that would be needed is not finalised yet as the expansion plans are still being finalised. As of 30 June 2016, the audited cash and cash equivalent balance for the Group was RM78.9 million (SGD26.0 million), of which RM29.1 million (SGD9.6 million) was the cash and cash equivalent balance for Regency Specialist Hospital. This expansion project is not expected to adversely affect the Company's internal cash resources or Regency Specialist Hospital's operations during the construction period."

### 3.2 Information on the Share Purchase Agreements

**3.2.1** On 10 November 2016, the Company entered into separate share purchase agreements to acquire:

- (a) all the issued shares in the capital of MIL from MM for SGD131,187,848, being the SGD equivalent of RM398,548,683 (the "**MIL SPA**", and the transactions therein, the "**MIL Acquisition**"). MIL is a wholly-owned holding entity of MM, and MM will, prior to completion of the Acquisition, undergo an internal restructuring to transfer all its direct

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interests in MMCSB, MMGSB and MCSB to MIL. MIL will therefore have a direct interest of 38.4% in MMCSB, and effective interests of 25.0% in each of RSHSB and RMCSA through its 38.4% shareholdings in MMGSB and MCSB;

- (b) all the 250,000 issued ordinary shares in the capital of Senipuri from the Senipuri Shareholders for SGD42,495,448, being the SGD equivalent of RM129,101,186 (the “**Senipuri SPA**”, and the transactions therein, the “**Senipuri Acquisition**”). Senipuri has a direct interest of 12.4% in MMCSB, and effective interests of 8.1% in each of RSHSB and RMCSA through its 12.4% shareholdings in MMGSB and MCSB respectively. Senipuri is a holding entity of a group of Singapore-based doctors, including Dr. Cheah Way Mun<sup>2</sup>. The Senipuri Shareholders and their respective stakes in Senipuri are as follows:

	Senipuri Shareholder	Percentage Interest in Senipuri
1	Dr. Cheah Way Mun	25.7%
2	Dr. Chua Ee Chek	16.6%
3	Dr. Chew Kim Huat	13.9%
4	Dr. Kwa Kie Tjiong	11.2%
5	Dr. Law Ngai Mun	7.9%
6	Dr. Goh Hak Su @ Goh Hak Shu	7.0%
7	Dr. Wong Woon Wai	5.4%
8	Dr. Ho Kee Hang	5.0%
9	Dr. Chew Chee Tong	4.5%
10	Dr. Wu Yik Tian	2.7%

- (c) all the 6,000 issued ordinary shares in the capital of 2M and accept an assignment of outstanding non interest-bearing shareholders’ loans of approximately SGD3,331,334.74, from the 2M Shareholders for SGD8,873,232, being the SGD equivalent of RM26,956,866 (the “**2M SPA**”, and the transactions therein, the “**2M Acquisition**”). 2M has direct interests of 6.0% in each of RSHSB and RMCSA. 2M is a holding entity of a group of Singapore-based doctors, including Dr. Cheah Way Mun<sup>2</sup>. The 2M Shareholders and their respective stakes in 2M and the non interest-bearing shareholders’ loans owing to them from 2M are as follows:

	2M Shareholder	Percentage Interest in 2M	Shareholders’ Loans
1	Dr. Chua Ee Chek	16.7%	SGD555,222.12
2	Dr. Cheah Way Mun	16.7%	SGD555,222.12
3	Dr. Fong Chiu Yan	8.3%	SGD277,611.06
4	Dr. Ching Kwok Choy	8.3%	SGD277,611.06
5	Dr. Kwa Kie Tjiong	8.3%	SGD277,611.06

<sup>2</sup> Please see Paragraph 6 of the Circular for details on the CWM Acquisition.

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	2M Shareholder	Percentage Interest in 2M	Shareholders' Loans
6	Dr. Chew Chee Tong @Chew Chee Yong	8.3%	SGD277,611.06
7	Dr. Sim Chiang Khi	8.3%	SGD277,611.06
8	Dr. Tan Peng Kok	8.3%	SGD277,611.06
9	Ockham Holdings Pte. Ltd.	8.3%	SGD277,611.06
10	Dr. Ho Kee Hang	4.2%	SGD138,806.54
11	Dr. Teh Peng Hooi	4.2%	SGD138,806.54

- (d) 600 ordinary shares and 100 redeemable convertible preference shares in the capital of MMGSB, 30,000 ordinary shares in the capital of MMCSB and 100 ordinary shares in the capital of MCSB from Dr. Ang Eng Lip for SGD341,457, being the SGD equivalent of RM1,037,346 (the “**Dr. A SPAs**”, and the transactions therein, the “**Dr. A Acquisition**”). Dr. Ang Eng Lip has a direct interest of 0.1% in MMCSB, and effective interests of less than 0.1% in each of RSHSB and RMCSA through his 0.1% shareholdings in MMGSB and MCSB respectively; and
- (e) 522 ordinary shares and 87 redeemable convertible preference shares in the capital of MMGSB, 26,000 ordinary shares in the capital of MMCSB and 87 ordinary shares in the capital of MCSB from Dr. Fan Richard @Fan Foo Tang Richard for SGD296,250, being the SGD equivalent of RM900,007 (the “**Dr. B SPAs**”, and the transactions therein, the “**Dr. B Acquisition**”). Dr. Fan Richard @Fan Foo Tang Richard has a direct interest of less than 0.1% in MMCSB, and effective interests of less than 0.1% in each of RSHSB and RMCSA through his less than 0.1% shareholdings in MMGSB and MCSB respectively.
- 3.2.2** Each of the MIL Acquisition, Senipuri Acquisition, 2M Acquisition, Dr. A Acquisition and Dr. B Acquisition is conditional upon the completion (or where applicable, the waiver) of certain conditions precedent set out in Paragraph 4.3 of the Circular, but the completion of each of the MIL Acquisition, Senipuri Acquisition, 2M Acquisition, Dr. A Acquisition and Dr. B Acquisition is not inter-conditional on the other acquisitions. The acquisition by the Company from each Senipuri Shareholder pursuant to the Senipuri SPA is not conditional on the acquisition by the Company from any other Senipuri Shareholder pursuant to the Senipuri SPA. The acquisition by the Company from each 2M Shareholder pursuant to the 2M SPA is not conditional on the acquisition by the Company from any other 2M Shareholder pursuant to the 2M SPA.
- 3.2.3** Upon completion of the Acquisition, the Company will increase its ownership in Mahkota Medical Centre and Regency Specialist Hospital to 100% each.

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## APPENDIX A: IFA LETTER

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### 3.3 Conditions Precedent

**3.3.1** Completion of the Acquisition is conditional upon the satisfaction (or where applicable, the waiver) of *inter alia*, a list of conditions precedent. Based on Paragraph 4.3 of the Circular, excerpts of the conditions precedent are presented in the following:

- “(a) the approval of the Shareholders for the Acquisition, the Rights Issue and the allotment and issue of the Consideration Shares and Rights Shares having been obtained and such approval not having been withdrawn or revoked as at the completion of the Acquisition;*
- (b) there being no decree, injunction, judgement or other order (which is final and non-appealable) entered or issued by any court or governmental authority or quasi-governmental entity of competent jurisdiction which is issued against the Sellers or the Company and has the effect of restraining or otherwise prohibiting consummation of the Acquisition or the Rights Issue and which remains in force and effect as at the completion of the Acquisition;*
- (c) the approval in-principle for the listing of and quotation for the Consideration Shares and the Rights Shares on the Main Board of the SGX-ST being obtained from the SGX-ST and not having been revoked and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and, to the extent that any conditions for the listing of and quotation for the Consideration Shares and the Rights Shares on the Main Board of the SGX-ST are required to be fulfilled on or before the completion of the Acquisition, they are so fulfilled;*
- (d) the listing of the Rights Shares on the SGX-ST, and the conditions for the drawdown on the Term Loan Facility being satisfied, on or prior to the completion of the Acquisition; and*
- (e) all licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the Transaction having been obtained from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms reasonably satisfactory to the Company and the Sellers.”*

### 3.4 Lock-up Undertakings

**3.4.1** As set out in Paragraph 4.6 of the Circular, each of MM, the Senipuri Shareholders, the 2M Shareholders, Dr. Ang Eng Lip and Dr. Fan Richard @ Fan Foo Tang Richard (the “**Sellers**”) irrevocably and unconditionally agrees with and undertakes to the Company that it will not, without the prior written consent of the Company, during the period commencing from the completion of the Acquisition until the date falling 12 months thereafter (both dates inclusive) directly or indirectly:

- (a) offer, issue, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of or transfer, any of its effective interests in the Consideration Shares that it legally and/or beneficially, directly and/or indirectly, holds as at completion of the Acquisition (the “**Lock-up Shares**”);*

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- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-up Shares or any securities convertible into or exercisable or exchangeable for Lock-up Shares;
- (c) deposit any or all Lock-up Shares or securities convertible into or exchangeable for or which carry rights to subscribe or purchase any of the Lock-up Shares in any depository receipt facility; and
- (d) publicly announce any intention to do any of the above.

**3.4.2** The restrictions described in Paragraph 4.6.1 of the Circular do not prohibit:

- (a) MM from creating a charge or any encumbrance or otherwise grant of security over such number of Lock-Up Shares representing the difference between the total number of Lock-Up Shares that MM holds and such number of Lock-up Shares representing at least 10 per cent. of the issued and outstanding share capital of the Company from time to time;
- (b) the Sellers (other than MM) from creating a charge or any encumbrance or otherwise grant of security over the Lock-Up Shares in favour of any financial institution or capital markets license holder in connection with a *bona fides* transaction that is not entered into for the purpose of circumventing Paragraph 4.6.1 of the Circular; or
- (c) the Sellers from transferring the Lock-up Shares to and between such Seller's sole shareholder and/or wholly-owned companies of such Seller or such Seller's sole shareholder, and in the case of the Senipuri Shareholders and the 2M Shareholders, to and between the other Senipuri Shareholders or 2M Shareholders (as the case may be), provided that in all cases, such transferee has executed and delivered to the Company an undertaking to the effect that the restrictions in Paragraph 4.6.1 of the Circular shall *mutatis mutandis* apply to such transferee.

**3.4.3** In the event that any of the Sellers directs that the Consideration Shares be issued to a nominee of such Seller approved by the Company, such Seller shall procure that such nominee provide an undertaking to the Company prior to the issuance of such Consideration Shares acknowledging that the terms of Paragraph 4.6 of the Circular shall apply *mutatis mutandis* to such nominee.



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### 3.5 Consideration

**3.5.1** As set out in Paragraph 4.2 of the Circular, the Purchase Price for the Acquisition is RM556.5 million (or SGD183.2 million). The Purchase Price will be satisfied by a combination of SGD69,295,184 in cash and 199,822,890 Consideration Shares to be issued at the issue price of SGD0.57 per Consideration Share as follows:

Acquisition	Seller	Cash Consideration	Number of Consideration Shares	Total Consideration
MIL Acquisition	MM	SGD43,291,990	154,203,259 (77.2% of total number of Consideration Shares)	SGD131,187,848
Senipuri Acquisition <sup>3</sup>	Senipuri Shareholders	SGD21,247,724	37,276,703 (18.7% of total number of Consideration Shares)	SGD42,495,448
2M Acquisition <sup>3</sup>	2M Shareholders	SGD4,436,616	7,783,536 (3.9% of total number of Consideration Shares)	SGD8,873,232
Dr. A Acquisition	Dr. Ang Eng Lip	SGD170,729	299,524 (0.1% of total number of Consideration Shares)	SGD341,457
Dr. B Acquisition	Dr. Fan Richard @Fan Foo Tang Richard	SGD148,125	259,868 (0.1% of total number of Consideration Shares)	SGD296,250
<b>Total</b>		<b>SGD69,295,184</b>	<b>199,822,890</b>	<b>SGD183,194,235</b>

**3.5.2** The Purchase Price is a negotiated price, agreed on an arm's length basis between the Company and the Sellers. It takes into account, among other things, the profit contributions of Mahkota Medical Centre and Regency Specialist Hospital, the Company's internal valuations for Mahkota Medical Centre and Regency Specialist Hospital based on relative valuation methodologies and negotiations with the Sellers<sup>4</sup>, and the fact that the Sellers will continue to retain a significant exposure to the growth of the business via the Consideration Shares as well as a partial monetisation in cash. The issue price of the Consideration Shares was determined based on the one-month VWAP of the Shares as of 11 October

<sup>3</sup> Please see Paragraph 6 of the Circular for details on the CWM Acquisition.

<sup>4</sup> For the avoidance of doubt, the Company did not engage an independent valuer to conduct a formal valuation on Mahkota Medical Centre and Regency Specialist Hospital.

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2016 and was mutually agreed with the Sellers. The Purchase Price, the number of Consideration Shares, the issue price of the Consideration Shares and the Agreed Exchange Rate have been agreed and are fixed, and are not subject to any adjustment.

**3.5.3** The Consideration Shares will be issued credited as fully-paid, free from encumbrances and with all rights attached thereto as at completion of the Acquisition and will rank *pari passu* in all respects with all other issued and outstanding Shares, except that they will not rank for any dividends or other distributions the record date for which falls before the date of issue of the Consideration Shares. The issue price of SGD0.57 per Consideration Share represents a discount of approximately 5.8% to the closing price of SGD0.605 per Share on the SGX-ST on 10 November 2016, being the last trading date before the release of the announcement dated 11 November 2016 by the Company in relation to the Acquisition and the Rights Issue (“**Announcement**”). For the avoidance of doubt, the Consideration Shares will not be entitled to participate in the Rights Issue.

**3.5.4** The cash portion of the Purchase Price amounting to SGD69,295,184 will be funded by the Rights Issue of up to SGD18.5 million, a senior secured five-year term loan of up to SGD62.0 million (the “**Term Loan Facility**”) and the Company’s internal cash resources.

(a) **Rights Issue.** The Company intends to utilise the net proceeds from the Rights Issue to partially pay the cash consideration for the MIL Acquisition, the Senipuri Acquisition and the 2M Acquisition. The net proceeds from the Rights Issue (after deducting estimated costs, expenses and commissions of approximately SGD0.6 million incurred in connection with the Rights Issue) is expected to be (i) approximately SGD17.9 million under the scenario where the Rights Issue is fully subscribed (the “**Maximum Subscription Scenario**”) and (ii) approximately SGD9.1 million under the scenario where only the Undertaking Shareholders subscribe for their *pro rata* entitlements to the Rights Shares pursuant to the Irrevocable Undertakings and no other Shareholder subscribes for any Rights Shares (the “**Minimum Subscription Scenario**”) .

The remaining cash consideration payable will be (i) approximately SGD51.4 million under the Maximum Subscription Scenario and (ii) approximately SGD60.2 million under the Minimum Subscription Scenario.

(b) **Term Loan Facility.** The Company has entered into a senior secured five-year term loan of up to SGD62.0 million provided by Credit Suisse AG, Singapore Branch, which will be secured against shares in key subsidiaries, MMCSB, RSHSB and RMCSA, and certain fixed assets, amongst other collateral. The interest rate of the Term Loan Facility is the prevailing three-month Singapore Swap Offer Rate plus a margin which shall be 4.25% initially, to be stepped up over time.

The proceeds from drawing down on the Term Loan Facility will be used to fully satisfy the remaining cash consideration for the MIL Acquisition, the Senipuri Acquisition and the 2M Acquisition, as well as transaction-related expenses.

(c) **Internal Cash Resources.** The aggregate cash purchase price of SGD318,854 for the Dr. A Acquisition and Dr. B Acquisition will be satisfied from the Company’s internal cash resources. Based on the assumptions above, the Company will not need to utilise any funds (other than SGD318,854 for the Dr. A Acquisition and Dr. B Acquisition) from existing cash and cash equivalent balances. The Acquisition is not expected to have any material adverse effect on the Company’s internal cash resources.



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### 4. EVALUATION OF THE CWM ACQUISITION

In reaching our recommendation in respect of the CWM Acquisition, we have given due consideration to, *inter alia*, the following factors:

- (i) rationale for the Acquisition and the CWM Acquisition that forms part thereof;
- (ii) market quotations for the Shares;
- (iii) volume weighted average prices (“**VWAP**”) for the Shares;
- (iv) comparison of ratings with comparable companies;
- (v) comparison of ratings with comparable transactions; and
- (vi) pro forma financial effects of the Acquisition and the Rights Issue.

#### 4.1 Rationale for the Acquisition and the CWM Acquisition that forms part thereof

The Company’s rationale for the Acquisition is set out in Paragraph 3 of the Circular. We recommend that the Independent Directors advise the Shareholders to read this information carefully.

We have reproduced below excerpts of this section in respect of the Acquisition:

*“HMI aims to be a regional healthcare company with presence in Singapore, Malaysia and Indonesia. The Acquisition will create an enlarged listed healthcare platform for HMI to achieve this objective.*

*The Acquisition is financially attractive for HMI, with only a moderate impact on leverage. The Acquisition is expected to be 30.4%<sup>5</sup> accretive to the Shareholders – the pro forma fully-diluted EPS for FY2016 would be 30.4% higher than the current fully-diluted EPS for FY2016 of RM3.38 sen<sup>6</sup>. Pro forma ratio of the net debt to FY2016 EBITDA (“**Leverage Ratio**”) of the Group as at FY2016 is expected to be 1.6x<sup>7</sup>. The Acquisition is expected to increase the cash flow of the Group as the Group will have access to 100% of the cash flows from Mahkota Medical Centre and Regency Specialist Hospital.*

*HMI’s ownership structure post-Acquisition will be clearer, with no significant non-controlling interests. This will create clarity for investors, as 100% of EBITDA and net income will be attributable to the Shareholders.*

*The Rights Issue has been proposed to partially fund the Purchase Price of RM556.5 million (or SGD183.2 million) and is in line with the Company’s ongoing and prudent balance sheet management. The Company intends to utilise the net proceeds from the Rights Issue to partially pay the cash purchase price for the MIL Acquisition, the Senipuri Acquisition and*

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<sup>5</sup> For the purposes of the Circular, the assumptions in Paragraphs 10.2(d) to (i) of the Circular have been made.

<sup>6</sup> This statement should not be interpreted to mean that the future EPS will necessarily be greater than those for FY2016. Please refer to Paragraph 10.4 of the Circular for more details.

<sup>7</sup> Please refer to Paragraph 10.5 of the Circular for more details.

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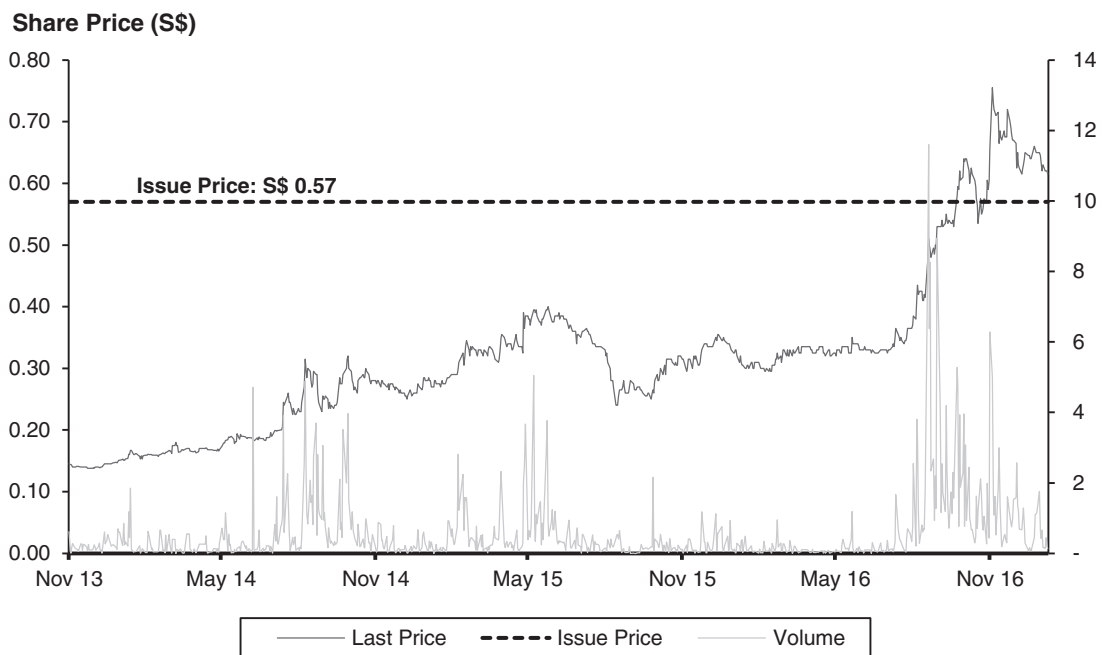
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*the 2M Acquisition. The net proceeds from the Rights Issue (after deducting estimated costs, expenses and commissions of approximately SGD0.6 million incurred in connection with the Rights Issue) is expected to be (a) approximately SGD17.9 million under the Maximum Subscription Scenario and (b) approximately SGD9.1 million under the Minimum Subscription Scenario.”*

### 4.2 Market Quotation for the Shares

We set out below a historical chart on the prices and trading volume of the Shares for the three year period prior to 11 November 2016 (being the Announcement Date) and ending on the Latest Practicable Date.



Source: Bloomberg and HMI's Company Announcements on SGXNET

The observations we make in respect of the comparison of the Issue Price against the market prices of the Shares since 3 years before the Announcement Date are as follows:

- (i) Prior to 3 October 2016, the Shares have traded below the Issue Price;
- (ii) We note that from 3 October 2016 to 10 November 2016 (being the last trading day before the Announcement Date) the Shares have traded within a range of S\$0.535 to S\$0.640; and
- (iii) From the date of the Announcement to the Latest Practicable Date, we note that the Shares have traded within a range of S\$0.615 to S\$0.755 per Share.

We highlight that the past trading performance of the Shares should not in any way be relied upon as an indication of their future trading performance. There is no assurance that the price of the Shares will remain at current levels as and when the Acquisition completes.

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### 4.3 Volume Weighted Average Prices for the Shares

We have compared the Issue Price with the VWAPs for the Shares for selected reference periods both prior to and after the Announcement Date in the table below.

Reference Period	Highest Transacted Price (S\$)	Lowest Transacted Price (S\$)	VWAP <sup>(1)</sup> (S\$)	Premium/ (Discount) of Issue Price over VWAP (%)
<b>For the period prior to the Announcement Date</b>				
Last 1 year	0.660	0.290	0.494	15.4
Last 6 months	0.660	0.320	0.513	11.1
Last 3 months	0.660	0.355	0.527	8.1
Last 1 month	0.660	0.525	0.601	(5.1)
10 November 2016 (last trading day prior to the Announcement Date)	0.615	0.595	0.605	(5.8)
<b>For the period after the Announcement Date</b>				
From 11 November 2016 to the Latest Practicable Date	0.755	0.610	0.672	(15.2)

Source: Bloomberg

**Note:**

- (1) The VWAP for the respective periods are calculated based on the daily VWAP turnover divided by VWAP volume as extracted from Bloomberg. Off market transactions are excluded from the calculation.

The observations we make in respect to the historical VWAPs of the Shares and the related premium/(discount) of the Issue Price are as follows:

- (i) The VWAPs of the Shares for the 3-month, 6-month and 1-year periods prior to the Announcement Date are S\$0.527, S\$0.513 and S\$0.494 respectively. The Issue Price represents a premium of 8.1%, 11.1% and 15.4% respectively over the VWAPs for those periods;
- (ii) The VWAP of the Shares for the 1-month period prior to the Announcement Date is S\$0.601. The Issue Price represents a discount of 5.1% over the VWAP for this period; and
- (iii) The VWAP of the Shares for the period commencing from the Announcement Date to the Latest Practicable Date is S\$0.672. The Issue Price represents a discount of 15.2% over the VWAP for this period.

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### 4.4 Comparison of ratings with Comparable Companies

The Group is engaged in the business of providing healthcare services and healthcare education. The Group's key operations include two hospitals in Malaysia, Mahkota Medical Centre in Malacca and Regency Specialist Hospital in Johor.

We highlight that we have not identified any listed company which is truly comparable to the Company in terms of the composition of its business activities, geographical spread, size of operations, asset base, track record, financial performance, operating and financial leverage, market capitalisation, risk profile, liquidity, future prospects and other relevant criteria. As a result, any comparisons drawn can serve only as an illustrative guide.

Thus for this purpose, we have considered companies whose principal activities are broadly similar to the Group's healthcare services activities (the "**Comparable Companies**").

In our analysis, we have collated and presented the following ratios:

#### **LTM P/E**

A variant of the Price-to-Earnings ratio ("**P/E**") where the earnings of a company is computed based upon the last twelve-month ("**LTM**") period ending on the most recent quarter for which financial results have been published.

The P/E is the ratio of market capitalisation relative to its profit after tax attributable to shareholders of a company ("**NPAT**"). The P/E is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.

#### **LTM EV/EBITDA**

A variation of the EV/EBITDA ratio where the EBITDA of a company is computed based upon the LTM period ending on the most recent quarter for which financial results have been published, where:

- (1) "EV" or "Enterprise Value" is the sum of a company's market capitalisation, preferred equity, minority interests, short and long term debts less its cash and cash equivalents; and
- (2) "EBITDA" stands for historical consolidated earnings before interest, tax, depreciation and amortisation expenses.

The EV/EBITDA ratio illustrates the ratio of the market value of a company's business relative to its historical consolidated pre-tax operating cashflow performance, without regard to its capital structure.

#### **Price-to-Net Tangible Assets ("P/NTA")**

NTA refers to consolidated net tangible assets, which is the total assets of a company less intangible assets (such as goodwill, patents and trademarks) and total liabilities.

P/NTA refers to the ratio of a company's share price divided by NTA per share.

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We have benchmarked ratios implied by the Purchase Price for the Acquisition with those for the Comparable Companies. The list of Comparable Companies has been prepared after consultation with the Directors and the Management of the Company.

The value of the Company is derived predominantly from its ability to generate positive cash flows and streams of net earnings using a large asset base including hospitals. Accordingly, we have selected cash flows and earnings-based valuation ratios (such as EV/EBITDA and P/E) as the benchmarks for evaluation.

The selected valuation statistics of the Comparable Companies are based on their closing prices on the Latest Practicable Date while those of the Company are as implied by the Purchase Price. Such comparisons are affected by differences in their accounting policies. Our analysis has not attempted to adjust for such differences.

The following is the list of Comparable Companies, together with a brief description of their principal activities:

Company Name	Principal Activities	Revenue LTM <sup>(1)</sup> (\$ millions)
<b>Raffles Medical Group Limited (“Raffles”)</b>	<ul style="list-style-type: none"> <li>Operates in three segments: healthcare services, hospital services and investment holdings</li> <li>Healthcare services include the operations of medical clinics and other general medical services</li> <li>Hospital services include the provision of specialised medical services and operation of hospital and business of medical laboratory and imaging centre</li> <li>Other services include provision of health insurance, trading in pharmaceutical and nutraceutical products and diagnostic equipment, and provision of management and consultancy services</li> </ul>	469.8
<b>KPJ Healthcare Bhd (“KPJ”)</b>	<ul style="list-style-type: none"> <li>Operates specialist hospitals including 25 hospitals in Malaysia, 2 hospitals in Indonesia, 1 hospital in Thailand, and 1 hospital in Bangladesh</li> <li>Offers various specialist services in the areas of anaesthesiology, angiogram, audiology, cardiology and cardiothoracic surgery, psychiatry, pathology, colorectal surgery, cancer and chemotherapy</li> <li>Operates a private university college of nursing and allied health</li> <li>Distributes pharmaceutical, medical, and consumer healthcare products</li> <li>Provides human resource and training services, as well as rents human resource information systems and software</li> </ul>	954.5

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Company Name	Principal Activities	Revenue LTM <sup>(1)</sup> (S\$ millions)
<b>Samitivej PCL</b> ("Samitivej")	<ul style="list-style-type: none"> <li>Operates hospitals, adult centres, and child centres, as well as offers a range of programs and services for large corporations, embassies, and international schools</li> <li>Offers restaurant, facility management, and investment business</li> <li>Distributes health food products and also provision of asset management services for healthcare business</li> </ul>	401.6
<b>Bangkok Chain Hospital PCL</b> ("Bangkok Chain")	<ul style="list-style-type: none"> <li>Operates a chain of hospitals in Thailand including 11 hospitals in the Bangkok vicinity, as well as in Chiang Rai, Saraburi, Nonthaburi, Pathumthani, Ayudhaya, and Chachoengsao provinces</li> <li>Operates private hospitals and offers nursing services</li> <li>Provides consultation, management, and asset management services related to the hospital operations</li> </ul>	258.8
<b>Vibhavadi Medical Center PCL</b> ("Vibhavadi")	<ul style="list-style-type: none"> <li>Operates an acute care hospital under the Vibhavadi Hospital brand name in the northern part of Bangkok, Thailand</li> <li>Provides a range of medical and surgical services, room rental and hotel services</li> </ul>	229.1
<b>Ramkhamhaeng Hospital PCL</b> ("Ramkhamhaeng")	<ul style="list-style-type: none"> <li>Operates a private hospital that provides various medical services in Thailand</li> <li>Hospital consists of 3 patient buildings with approximately 485 beds</li> <li>Operates specialised clinics, such as heart centre, stroke centre, diabetic foot care centre, and back pain centre</li> </ul>	150.9

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Company Name	Principal Activities	Revenue LTM <sup>(1)</sup> (S\$ millions)
<b>Chiang Mai Ram Medical Business PCL</b> (“Chiang Mai Ram”)	<ul style="list-style-type: none"> <li>Operates a medical care centre in Chiang Mai, Thailand</li> <li>Offers medical services in the areas of internal medicine, cardiology, general practice, paediatric, orthopaedic and general surgery, paediatric surgery, obstetrics-gynaecology, radiology, dentistry, anaesthetic, ENT, and eye; and operates oncology, haematology, plastic surgery, GI tract, and cancer, back pain, physical therapy and rehabilitation, operating theatre, laboratory examination, real-time PCR, ambulance, and health check-up services; and various insurance products</li> <li>Operates medical care centre under the Lanna Hospital name which includes 180 beds and speciality clinics</li> </ul>	137.3
<b>Sikarin PCL</b> (“Sikarin”)	<ul style="list-style-type: none"> <li>Operates hospitals in Thailand which offers laboratory, general medical, and dental clinic services</li> <li>Offers services such as heart operation, GI and scope, stroke, mini invasive surgery, medical, diagnostic imaging, orthopaedic, woman, aesthetic, health check-up, children, and emergency and trauma, as well as eye, ear, throat, and nose centres</li> <li>Involves in the management of rental spaces and sale of food and beverages</li> <li>Operates Sikarin Hospital with 235 beds in Bangkok and Rattarin Hospital with 100 beds in Muang</li> </ul>	90.1

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Company Name	Principal Activities	Revenue LTM <sup>(1)</sup> (S\$ millions)
<b>Nonthavej Hospital PCL</b> ("Nonthavej")	<ul style="list-style-type: none"> <li>Operates as a tertiary care private hospital in Thailand which provides medical services for inpatients and outpatients, with 208 beds for inpatients and 90 examination rooms for outpatients, as well as emergency cases with 24-hour ambulance service</li> <li>Operates specialised centres and clinics for breast cancer, children and teens, neurology, dental, diabetes, diagnostic digital imaging, fertility, gastrointestinal and liver, gynaecologic cancer treatment, gynaecologic laparoscopic surgery, heart, mental health, minimally invasive surgery, orthopaedic, pregnancy, respiratory, skin and cosmetic surgery, urinary tract, and wellness, as well as eye, ear, nose, and throat</li> <li>Offers emergency, haemodialysis, ICU and CCU, laboratory, nutrition, operating room, physical therapy, and health check-up services</li> </ul>	79.3
<b>Thai Nakarin Hospital PCL</b> ("Nakarin")	<ul style="list-style-type: none"> <li>Operates a general hospital in Thailand which offers medical services in the areas of cardiology, orthopaedic, oncology, haemodialysis, cosmetic, dental, breast cancer, gastrointestinal, paediatrics, obstetrics and gynaecology, mental health, hepatobiliary and pancreas, and diabetes and endocrinology</li> <li>Provides general check-up services, medication treatments, and traditional Chinese medicines, as well as surgical, emergency, X-ray diagnosis, nursery, and physical therapy services</li> <li>Offers eye, ear, nose, and throat care services, and also medical technology services such as CT scan, digital fluoroscopy and 4D ultrasound</li> </ul>	78.5
<b>Srivichai Vejvivat PCL</b> ("Srivichai")	<ul style="list-style-type: none"> <li>Operates hospitals in Thailand which provides various medical services, including orthopaedic, trauma and emergency, microsurgery, laparoscopic, cosmetic surgery, Thai-Philos wellness, obstetrics surgery, breast cancer, mother and child care, health check-up, dental care, diabetic mellitus and endocrinology, gastroenterology, urology, kidney, radiology, medical delivery, medicine, surgical, cardiology, cancer, spine and hand, arthroplasty, and osteoporosis, as well as skin, eye, ear, nose, throat, and physical therapy</li> <li>Operates a vocational school as well</li> </ul>	65.5



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Company Name	Principal Activities	Revenue LTM <sup>(1)</sup> (\$\$ millions)
<b>Aikchol Hospital PCL</b> ("Aikchol")	<ul style="list-style-type: none"> <li>Operates Aikchol Hospital in Thailand which provides medical and nursing care services</li> <li>Provides hospital services, including diseases protection, medical treatment, health strengthening, and health rehabilitation services with 362 beds in service</li> </ul>	62.7
<b>Ladprao General Hospital PCL</b> ("Ladprao")	<ul style="list-style-type: none"> <li>Operates in two segments, Hospital and Scientific Testing and Research</li> <li>Operates Ladprao General Hospital that consists of 200 in-patient beds which offers services in the areas of medicine, eye, paediatric, cardiology and hypertension, skin laser and dermatology, radiology and imaging, surgery, check-up, neurology, rehabilitation and physical, haemodialysis, dental centre, as well as ear, nose, and throat care services</li> <li>Provides scientific analytical and diagnostic services, as well as research in the areas of medical, agricultural, food, drug</li> <li>Offers hospital management services and consulting services</li> </ul>	53.5

Source: Bloomberg, CapitalIQ and Annual Reports of the respective companies

**Note:**

- (1) LTM revenue is computed based upon the last twelve-month period ending on the most recent quarter (or half-year if Comparable Companies do not publish quarterly filings) for which financial results have been published.

With this in mind, we have compared the multiples implied by the Purchase Price with those of the Comparable Companies.

Company	Country	Market Capitalisation <sup>(1)</sup> (\$\$ millions)	LTM P/E	LTM EV/EBITDA
Raffles	Singapore	2,570.5	36.1x	25.8x
Ramkhamhaeng	Thailand	1,619.6	35.0x	33.5x
Vibhavadi	Thailand	1,527.4	53.3x	28.6x
Bangkok Chain	Thailand	1,527.1	50.8x	24.0x
Samitivej	Thailand	1,418.1	25.3x	15.0x
KPJ	Malaysia	1,397.5	35.1x	15.6x
Chiang Mai Ram	Thailand	755.3	48.6x	22.7x

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Company	Country	Market Capitalisation <sup>(1)</sup> (S\$ millions)	LTM P/E	LTM EV/EBITDA
HMI	Singapore	367.3	57.6x	14.0x
Nonthavej	Thailand	323.9	26.1x	15.4x
Sikarin	Thailand	313.3	68.8x	20.2x
Ladprao	Thailand	294.6	45.4x	28.3x
Srivichai	Thailand	285.1	45.1x	24.5x
Nakarin	Thailand	264.7	23.0x	14.8x
Aikchol	Thailand	211.4	28.0x	17.4x
<b>High</b>			<b>66.8x</b>	<b>33.5x</b>
<b>Low</b>			<b>23.0x</b>	<b>14.0x</b>
<b>Mean</b>			<b>41.2x</b>	<b>21.4x</b>
<b>Median</b>			<b>40.6x</b>	<b>21.5x</b>
<b>Purchase Price<sup>(2)</sup></b>			<b>34.1x<sup>(3)(4)</sup></b>	<b>12.1x<sup>(4)</sup></b>

Source: Bloomberg, Company filings and Annual Reports of the respective companies

### Notes:

- (1) Market Capitalisation of the Comparable Companies is as at Latest Practicable Date.
- (2) Implied by the Purchase Price.
- (3) Based on the EBITDA and profit after tax ("PAT") presented in the Circular, prior to any intercompany elimination.
- (4) EV/EBITDA of HMI is based on as reported basis on the Circular and does not factor any adjustments for minority interests.

We highlight the following key observations arising from the data presented above:

- (a) The LTM P/E implied by the Purchase Price is 34.1x, which is below the mean and median LTM P/E of the Comparable Companies of 41.2x and 40.6x respectively; and
- (b) The LTM EV/EBITDA implied by the Purchase Price is 12.1x, which is lower than the mean and the median LTM EV/EBITDA of the Comparable Companies of 21.4x and 21.5x respectively.

### 4.5 Comparison of ratings with Comparable Transactions

We have compared the valuation ratios implied by the Purchase Price and the valuation ratios indicated by selected completed transactions between 1 January 2011 and the Latest Practicable Date, involving targets that operate in the healthcare services segment that are broadly comparable to the Company ("**Comparable Transactions**").

We note the following in respect of such comparison:

- (a) The list of Comparable Transactions cannot be exhaustive;

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## APPENDIX A: IFA LETTER

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- (b) The Comparable Transactions identified as being comparable are few in number; and
- (c) The Comparable Transactions occurred over a period of time, when conditions may have been different from those presently.

<b>Announcement Date</b>	<b>Target Name</b>	<b>Description</b>
07/08/2014	<b>TMC Lifesciences Berhad (“TMC”)</b>	The Malaysian based company primarily operates a multi-disciplinary tertiary care centre and fertility centre in Malaysia. TMC operates Tropicana Medical Centre, Kota Damansara (TMCKD), a 200-bed medical centre located in Kota Damansara. TMCKD provides healthcare services in various medical/surgical specialties and sub-specialties, including anesthesiology, bariatric and metabolic, and many more other services. TMC also operates a women's clinic which provides consultancy, laboratory, and embryology services. It also offers gynecological and fertility problem management services. TMC is involved in developing, marketing, and managing healthcare programs. It also does research and development, and property investment activities.
01/08/2012	<b>SMC Healthcare Sendirian Berhad (“SMC”)</b>	A Malaysia based healthcare provider. SMC Healthcare Sendirian Berhad is a private hospital with 175 beds and comprehensive facilities that rank among the most advanced in the region. SMC operates healthcare facilities such as hospitals. It offers comprehensive services such as cardiothoracic surgery, diagnostic imaging services, lithotripsy, anesthesiology, cardiology, dermatology, E.N.T., head & neck surgery, laparoscopy, neonatology, pediatrics, obstetrics and gynecology, psychiatry, physiotherapy, occupational therapy, pharmacy, laboratory, urology, plastic surgery, orthopedics, traumatology, endoscopy, nephrology, heart centre, intensive care unit, neuroscience centre, sleep laboratory and dental centre.
05/03/2012	<b>China Healthcare Limited (“China Healthcare”)</b>	A Singapore based healthcare service provider, China Healthcare, along with its subsidiaries provides planning, design, development and management of facilities and services for the medical and healthcare industry. It operates in three business segments: operation of medicare centres and nursing homes, hospital services and other ancillary services. Its hospital services are engaged in providing hospital extension ward management services. Through its other ancillary services, it provides homecare services, ambulance services and sale and rental of healthcare equipment and accessories.

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<b>Announcement Date</b>	<b>Target Name</b>	<b>Description</b>
07/04/2011	<b>IHH Healthcare Berhad (“IHH”)</b>	A Malaysian based private healthcare provider. IHH provides primary care services, including treatment of basic illnesses, routine check-ups, vaccination, and dental services. Other secondary services include specialist consultation, local surgeries, emergency care, laboratory services and diagnostics. It offers tertiary care services comprising specialist consultative care. It also provides a range of ancillary services, including ambulatory care, medical education facilities, and laboratory and pathology services. Further, the company manages a university and college that offer medical education and training services; and owns a portfolio of 47 healthcare properties. As of December 31, 2015 it operated approximately 10,000 licensed beds in 49 hospitals, medical centres, clinics, and ancillary healthcare businesses.
15/03/2011	<b>Qualitas Medical Group Limited (“Qualitas”)</b>	A Malaysian based healthcare provider group that provides medical care and supporting diagnostics services to community, families, and individuals primarily in Malaysia, Singapore, and internationally. Qualitas primary healthcare services consist of medical screening packages and annual check-ups, pre-employment check-ups, foreign worker medical check-ups, primary health care services, chronic illness management, wellness and preventive care, antenatal and postnatal care, family planning and IUCD insertion. Qualitas’ services also include pap smears, minor surgical procedures, urgent care services, occupational health services and many other services.

*Source: Bloomberg, CapitalIQ, Mergermarket and Annual Reports of the respective companies*

Our Comparable Transactions analysis is based on data compiled from publicly available sources and serves as a guide to the acquisitions or divestments of companies in the healthcare services sector. Each transaction must be judged on its own commercial and financial merits. The consideration that an acquirer pays in any particular transaction depends on various factors such as the potential synergy that the acquirer can gain from the acquisition, the presence of competing bids, prevailing market conditions, attractiveness of the target’s business and assets, size of transaction, scarcity value of an asset of a particular size and existing and desired level of control in the target company.

Conclusions drawn from the comparisons made may not reflect any perceived market valuation of the Acquisition. Hence, the comparison of the Purchase Price with the Comparable Transactions is for illustration purposes only.

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Date Announced	Acquirer	Target	% Shares Acquired	Implied Equity Value (\$\$ million)	LTM P/E	LTM EV/EBITDA
07/08/2014	Sasteria (M) Pte. Ltd.	TMC	76.57%	122.9	89.5x	24.7x
01/08/2012	Kumpulan Perubatan (Johor) Sdn. Bhd.	SMC	48.39%	35.7	29.3x	NM <sup>(1)</sup>
05/03/2012	Econ EQT Investment Pte Ltd	China Healthcare	100%	80.4	22.2x	15.4x
07/04/2011	Mitsui & Co Ltd	IHH	30%	1,438.1	140.7x	8.5x
15/03/2011	Qualitas Healthcare Holdings Limited	Qualitas	100%	47.1	1.2x	7.1x
<b>High</b>					<b>140.7x</b>	<b>24.7x</b>
<b>Low</b>					<b>1.2x</b>	<b>7.1x</b>
<b>Mean</b>					<b>56.6x</b>	<b>13.9x</b>
<b>Median</b>					<b>29.3x</b>	<b>12.0x</b>
11/11/2016	HMI	Mahkota Medical Centre and Regency Specialist Hospital	NA	NA	34.1x	12.1x

Source: Bloomberg, Mergermarket and Circulars to shareholders in relation to the respective transactions

**Note:**

(1) The LTM EV/EBITDA of SMC was not publicly disclosed.

We highlight the following key observations arising from the data presented above:

- (a) The LTM P/E implied by the Purchase Price is 34.1x which is lower than the mean of those of the Comparable Transactions of 56.6x and higher than the median of those of the Comparable Transactions of 29.3x; and
- (b) The LTM EV/EBITDA implied by the Purchase Price is 12.1x which is lower than the mean of the Comparable Transactions of 13.9x and marginally higher than the median of those of the Comparable Transactions of 12.0x.

In addition, the implied LTM P/E and LTM EV/EBITDA are within the range of the maximum and minimum of the Comparable Companies.

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## APPENDIX A: IFA LETTER

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Please note that this comparison is for illustration purposes only and our opinion in Paragraph 5 of this letter is based on the other considerations in Paragraph 4 of this letter and subject to the assumptions and qualifications set out elsewhere in this letter and taking into account the conditions prevailing as at the Latest Practicable Date.

### 4.6 Pro Forma Financial Effects of the Acquisition and the Rights Issue

The pro forma financial effects of the Acquisition and the Rights Issue are set out in Paragraph 10 of the Circular. We recommend the Independent Directors to advise the Shareholders to read Paragraph 10 of the Circular carefully, in particular the assumptions relating to the preparation of the pro forma financial effects of the Acquisition and the Rights Issue as set out in Paragraph 10.2 of the Circular.

We set out below the following pro forma financial analysis of the Acquisition and the Rights Issue that is prepared for illustrative purposes only, to show:

- “(a) what the number of issued and outstanding Shares and the NTA/NAV and Leverage Ratio of the Group as at 30 June 2016 would have been if the Acquisition and the Rights Issue had been effected as of that date; and*
- (b) what the fully-diluted EPS of the Company would have been if the Acquisition and the Rights Issue had been effected as of 1 July 2015.*

*The following pro forma financial information may not, because of its nature, give a true picture of:*

- (i) what the relevant fully-diluted EPS, NTA/NAV and Leverage Ratio as at, and for the financial year ended, 30 June 2016 might have been if the Acquisition and the Rights Issue had actually been effected as of 1 July 2015 and 30 June 2016, respectively; and*
- (ii) the actual future financial situation of the Group after the completion of the Acquisition and the Rights Issue.”*

#### 4.6.1 Number of Issued and Outstanding Shares

##### FOR ILLUSTRATIVE PURPOSES ONLY:

On the bases and assumptions as set out in Paragraph 10 of the Circular, the pro forma effect of the Acquisition and the Rights Issue on the number of issued and outstanding Shares is as follows:

	Before Acquisition and Rights Issue as at 30 June 2016	Post-Acquisition and Rights Issue
Issued and Outstanding Share Capital (Number of Shares)	576,062,686	820,862,019

## APPENDIX A: IFA LETTER

### 4.6.2 FY2016 Fully-diluted EPS

#### FOR ILLUSTRATIVE PURPOSES ONLY

On the bases and assumptions as set out in Paragraph 10 of the Circular, the pro forma effect of the Acquisition and the Rights Issue on FY2016 fully-diluted EPS of the Company is as follows:

	Before Acquisition and Rights Issue as at 30 June 2016	Post-Acquisition and Rights Issue
Profit After Tax Attributable to Shareholders (RM million)	19.9	36.2
Weighted Average Number of Shares (million)	589.4	821.6
FY2016 Fully-diluted EPS (RM sen)	3.38	4.40

### 4.6.3 Leverage Ratio

#### FOR ILLUSTRATIVE PURPOSES ONLY:

On the bases and assumptions as set out in Paragraph 10 of the Circular, the pro forma effect of the Acquisition and the Rights Issue on the Leverage Ratio of the Group is as follows:

	Before Acquisition and Rights Issue as at 30 June 2016	Post-Acquisition and Rights Issue
Net Debt/(Cash) (RM million)	(37.1)	141.7
EBITDA (RM million)	84.5	89.6
Leverage Ratio	(0.4x)	1.6x

### 4.6.4 NTA/NAV

#### FOR ILLUSTRATIVE PURPOSES ONLY:

On the bases and assumptions as set out in Paragraph 10 of the Circular, the pro forma effect of the Acquisition and the Rights Issue on the NTA/NAV per Share is as follows:

	Before Acquisition and Rights Issue as at 30 June 2016	Post-Acquisition and Rights Issue
NTA/NAV to Ordinary Shareholders (RM million)	170.6	108.9
Total Number of Outstanding Shares (million)	576.1	820.9
NTA/NAV per Share (RM sen)	29.6	13.3

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## APPENDIX A: IFA LETTER

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The Acquisition and the Rights Issue will reduce the NTA/NAV of the Group by RM61.7 million as the excess of purchase consideration over the book value of the non-controlling interests will be recorded in the capital reserve, offset by the issuance of new share capital.

### 5. OUR RECOMMENDATIONS

In arriving at our recommendations, we have taken into account the following factors which we consider have a bearing on our assessment of the CWM Acquisition:

**In respect of the CWM Acquisition:**

- (i) the Purchase Price is a negotiated price, agreed on an arm's length basis between the Company and the Sellers;
- (ii) the rationale of the Acquisition, and the CWM Acquisition that forms part thereof;
- (iii) the CWM Acquisition forms a part of the overall Acquisition which involved other sellers who are not interested parties for the purpose of the overall Acquisition;
- (iv) the Lock-up Shares issued to Dr. Cheah Way Mun as part of the CWM Acquisition are subject to restrictions as defined in Paragraph 4.6 of the Circular;
- (v) the Issue Price represents a premium of 15.4%, 11.1% and 8.1% over the VWAP of the Shares over a 1 year, 6 month and 3 month period respectively and a discount of 5.1% and 5.8% to the VWAP of the Shares over a 1 month period and on 10 November 2016 respectively;
- (vi) the LTM EV/EBITDA of 12.1x implied by the Purchase Price, is lower than the mean and median of the LTM EV/EBITDA of the Comparable Companies. The LTM P/E of 34.1x implied by the Purchase Price is lower than the mean and median of the LTM P/E of the Comparable Companies;
- (vii) the LTM EV/EBITDA of 12.1x is lower than the mean and marginally higher than the median of the LTM EV/EBITDA of the Comparable Transactions of 13.9x and 12.0x, respectively, and the LTM P/E of 34.1x is lower than the mean and higher than the median of the LTM P/E of the Comparable Transactions of 56.6x and 29.3x respectively; and
- (viii) based on the illustrative pro forma financial effects of the Acquisition and the Rights Issue as at 30 June 2016, the Company's fully-diluted earnings per Share would have been 30.4% higher after adjusting for the Acquisition.

Having considered the above and subject to the assumptions and qualifications set out herein, we are of the opinion that the CWM Acquisition is on normal commercial terms and is not prejudicial to the interests of HMI and its minority Shareholders.



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## **APPENDIX A: IFA LETTER**

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Our recommendations are addressed to the Independent Directors of HMI for their benefit, in connection with and for the purposes of their consideration of the CWM Acquisition. Any recommendations made by the Independent Directors in respect of the CWM Acquisition shall remain their responsibility.

Our recommendations are governed by the laws of Singapore and are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours faithfully

**Deloitte & Touche Corporate Finance Pte Ltd**

Ng Jiak See  
Executive Director

## APPENDIX B: REVIEW OF WORKING CAPITAL

The summary of the working capital of the Group for the last three financial years as at 30 June 2014, 30 June 2015 and 30 June 2016 are set out below.

RM'000	As at 30 June 2014 (Audited)	As at 30 June 2015 (Audited)	As at 30 June 2016 (Audited)
<b>Total current assets</b>	107,007	143,745	154,551
<b>Total current liabilities</b>	93,018	97,363	112,529
<b>Net current assets</b>	13,989	46,382	42,022

*Source: Annual Reports of the Company for FY2014, FY2015 and FY2016.*

### FY2015 compared to FY2014

The Group's total current assets increased by RM36.7 million from RM107.0 million as at 30 June 2014 to RM143.7 million as at 30 June 2015. This was mainly attributable to (i) an increase in trade and other receivables of RM16.7 million mainly due to higher credit sales; (ii) an increase in cash and cash equivalent of RM13.1 million mainly due to net cash provided by operating activities; and (iii) an increase in inventories of RM7.5 million, for which RM5.8 million of the increase can be attributed to the restoration of the Group's ownership of clinic suites, which are held for sale, as part of the exercise to restore the Group's ownership of certain hospital assets previously transferred to associated companies. This transaction was completed in 3Q2015 and announced via SGXNet on 13 March 2015 as a reversal of previous asset restructuring. Higher turnover in the hospitals for FY2015 resulted in an increase in inventories of medical drugs and supplies held.

The Group's total current liabilities increased by RM4.4 million from RM93.0 million as at 30 June 2014 to RM97.4 million as at 30 June 2015. This was mainly attributable to: (i) an increase in trade and other payables of RM9.8 million mainly due to the increased operating activities; and (ii) a decrease in current borrowings of RM4.9 million mainly due to repayment of the current portion of long-term bank loans and bank overdrafts during the period.

### FY2016 compared to FY2015

The Group's total current assets increased by RM10.8 million from RM143.7 million as at 30 June 2015 to RM154.6 million as at 30 June 2016. This was mainly attributable to (i) an increase in cash and cash equivalent of RM39.9 million mainly due to net cash provided by operating activities; (ii) an increase in inventories of medical drugs and supplies by RM1.2 million mainly due to timing of purchases; and (iii) a decrease in trade and other receivables of RM30.2 million mainly due to repayment of amounts owing by associated companies.

The Group's total current liabilities increased by RM15.2 million from RM97.4 million as at 30 June 2015 to RM112.5 million as at 30 June 2016. This was mainly attributable to (i) an increase in trade and other payables of RM13.1 million mainly due to the increased operating activities; and (ii) an increase in current income tax liabilities of RM2.6 million when compared to 30 June 2015 due to the lower tax incentives available to MMCSB in FY2016 resulting in a higher effective tax rates.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### HEALTH MANAGEMENT INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199805241E)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Health Management International Ltd (the “**Company**”) will be held at Event Hall 1-1, Level 1, Lifelong Learning Institute, 11 Eunos Road 8, Singapore 408601 on 10 February 2017 at 1.30 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolutions as set out below. All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 26 January 2017.

#### ORDINARY RESOLUTION 1: THE PROPOSED MIL ACQUISITION

##### RESOLVED THAT:

- (a) approval be and is hereby given for the proposed acquisition by the Company of all the issued ordinary shares in the capital of MIL Mentari Sdn. Bhd. from Maju Medik (Malaysia) Sdn. Bhd. for SGD131,187,848, being the SGD equivalent of RM398,548,683, on the terms and subject to the conditions set out in the MIL SPA;
- (b) pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised to allot and issue an aggregate of 154,203,259 fully-paid ordinary shares in the capital of the Company at an issue price of SGD0.57 per share to MM or its nominee in satisfaction of part of the purchase price for the MIL Acquisition, on the terms and subject to the conditions set out in the MIL SPA; and
- (c) the Directors and each of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, to approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient in order to implement, finalise and give full effect to the MIL Acquisition and/or the matters contemplated in this resolution.

#### ORDINARY RESOLUTION 2: THE PROPOSED SENIPURI ACQUISITION (EXCLUDING THE CWM ACQUISITION)

##### RESOLVED THAT:

- (a) approval be and is hereby given for the proposed acquisition by the Company of 185,720 issued ordinary shares in the capital of Senipuri Emas Sdn. Bhd. from the Senipuri Shareholders (excluding Dr. Cheah Way Mun) for SGD31,569,018, being the SGD equivalent of RM95,906,688, on the terms and subject to the conditions set out in the Senipuri SPA;
- (b) pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised to allot and issue an aggregate of 27,692,116 fully-paid ordinary shares in the capital of the Company at an issue price of SGD0.57 per share to the Senipuri Shareholders (excluding

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Dr. Cheah Way Mun) in satisfaction of part of the purchase price for the Senipuri Acquisition (excluding the CWM Acquisition), on the terms and subject to the conditions set out in the Senipuri SPA; and

- (c) the Directors and each of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, to approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient in order to implement, finalise and give full effect to the Senipuri Acquisition (excluding the CWM Acquisition) and/or the matters contemplated in this resolution.

### **ORDINARY RESOLUTION 3: THE PROPOSED 2M ACQUISITION (EXCLUDING THE CWM ACQUISITION)**

#### **RESOLVED THAT:**

- (a) approval be and is hereby given for the proposed acquisition by the Company of 5,000 issued ordinary shares in the capital of 2M Medical Consultants Pte. Ltd. and for the Company to accept an assignment of outstanding non interest-bearing shareholders' loans of approximately SGD2,776,112.62, from the 2M Shareholders (excluding Dr. Cheah Way Mun) for SGD7,394,360, being the SGD equivalent of RM22,464,056, on the terms and subject to the conditions set out in the 2M SPA;
- (b) pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised to allot and issue an aggregate of 6,486,280 fully-paid ordinary shares in the capital of the Company at an issue price of SGD0.57 per share to the 2M Shareholders (excluding Dr. Cheah Way Mun) in satisfaction of part of the purchase price for the 2M Acquisition (excluding the CWM Acquisition), on the terms and subject to the conditions set out in the 2M SPA; and
- (c) the Directors and each of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, to approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient in order to implement, finalise and give full effect to the 2M Acquisition (excluding the CWM Acquisition) and/or the matters contemplated in this resolution.

### **ORDINARY RESOLUTION 4: THE PROPOSED DR. A ACQUISITION**

#### **RESOLVED THAT:**

- (a) approval be and is hereby given for the proposed acquisition by the Company of 600 ordinary shares and 100 redeemable convertible preference shares in the capital of Mahkota Medical Group Sdn. Bhd., 30,000 ordinary shares in the capital of Mahkota Medical Centre Sdn. Bhd.

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and 100 ordinary shares in the capital of Mahkota Commercial Sdn. Bhd. from Dr. Ang Eng Lip for SGD341,457, being the SGD equivalent of RM1,037,346, on the terms and subject to the conditions set out in the Dr. A SPAs;

- (b) pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised to allot and issue an aggregate of 299,524 fully-paid ordinary shares in the capital of the Company at an issue price of SGD0.57 per share to Dr. Ang Eng Lip in satisfaction of part of the purchase price for the Dr. A Acquisition, on the terms and subject to the conditions set out in the Dr. A SPAs; and
- (c) the Directors and each of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, to approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient in order to implement, finalise and give full effect to the Dr. A Acquisition and/or the matters contemplated in this resolution.

### ORDINARY RESOLUTION 5: THE PROPOSED DR. B ACQUISITION

#### RESOLVED THAT:

- (a) approval be and is hereby given for the proposed acquisition by the Company of 522 ordinary shares and 87 redeemable convertible preference shares in the capital of Mahkota Medical Group Sdn. Bhd., 26,000 ordinary shares in the capital of Mahkota Medical Centre Sdn. Bhd. and 87 ordinary shares in the capital of Mahkota Commercial Sdn. Bhd. from Dr. Fan Richard @Fan Foo Tang Richard for SGD296,250, being the SGD equivalent of RM900,007, on the terms and subject to the conditions set out in the Dr. B SPAs;
- (b) pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised to allot and issue an aggregate of 259,868 fully-paid ordinary shares in the capital of the Company at an issue price of SGD0.57 per share to Dr. Fan Richard @Fan Foo Tang Richard in satisfaction of part of the purchase price for the Dr. B Acquisition, on the terms and subject to the conditions set out in the Dr. B SPAs; and
- (c) the Directors and each of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, to approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient in order to implement, finalise and give full effect to the Dr. B Acquisition and/or the matters contemplated in this resolution.

### ORDINARY RESOLUTION 6: THE PROPOSED CWM ACQUISITION

#### RESOLVED THAT:

- (a) approval be and is hereby given for the proposed acquisition by the Company of 64,280 ordinary shares in the capital of Senipuri Emas Sdn. Bhd. and 1,000 ordinary shares in the capital of 2M Medical Consultants Pte. Ltd. from Dr. Cheah Way Mun, and the proposed

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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acceptance of an assignment of non interest-bearing shareholder's loans amounting to SGD555,222.12 owing to Dr. Cheah Way Mun from 2M, for SGD12,405,302, being the SGD equivalent of RM37,687,308;

- (b) pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised to allot and issue an aggregate of 10,881,843 fully-paid ordinary shares in the capital of the Company at an issue price of SGD0.57 per share to Dr. Cheah Way Mun in satisfaction of part of the purchase price for the CWM Acquisition, on the terms and subject to the conditions set out in the Senipuri SPA and the 2M SPA (as the case may be); and
- (c) the Directors and each of them be and are hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, to approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient in order to implement, finalise and give full effect to the CWM Acquisition and/or the matters contemplated in this resolution.

### ORDINARY RESOLUTION 7: THE PROPOSED RIGHTS ISSUE

#### RESOLVED THAT:

- (a) a renounceable non-underwritten rights issue of up to 32,376,443 new ordinary shares in the capital of the Company (the **"Rights Shares"**), at an issue price of SGD0.57 for each Rights Share (the **"Rights Price"**), on the basis of 11 Rights Shares for every 200 existing Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded (the **"Rights Issue"**), be and is hereby approved;
- (b) authority be and is hereby given to the Directors to undertake the Rights Issue, provisionally allot and issue the Rights Shares at the Rights Price on the basis of 11 Rights Shares for every 200 existing Shares held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, and allot and issue the Rights Shares at the Rights Price on the terms and conditions set out below and/or on such other terms and conditions (including the basis of provisional allotments of the Rights Shares) as the Directors may in their absolute discretion and from time to time think fit:
  - (i) the provisional allotment of the Rights Shares shall be made on a renounceable basis to Entitled Shareholders;
  - (ii) no provisional allotment of the Rights Shares shall be made to Foreign Shareholders;
  - (iii) the provisional allotment of the Rights Shares which would otherwise accrue to Foreign Shareholders (or Entitled Shareholders who are restricted or prohibited by the laws of the jurisdiction in which they are located or resident from participating in the Rights Issue) may be disposed of, or dealt with, by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the provisional allotment relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) among such Foreign Shareholders (or Entitled Shareholders who are restricted or prohibited by the laws of the jurisdiction in which they are located or resident from participating in the Rights Issue) in proportion to their respective shareholdings as at the Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder (or

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Entitled Shareholder who is restricted or prohibited by the laws of the jurisdiction in which it is located or resident from participating in the Rights Issue) or persons acting to the account or benefit of any such persons is less than SGD10.00, such amount shall instead be retained or dealt with as the Directors may, in their absolute discretion, deem fit for the sole benefit of the Company;

- (iv) the provisional allotment of the Rights Shares not taken up or allotted for any reason shall be aggregated and allotted to satisfy excess applications for the Rights Shares or otherwise disposed of or dealt with in such manner and on such terms and conditions as the Directors may in their absolute discretion deem fit; and
- (v) the Rights Shares when issued and fully paid-up will rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of allotment and issue of the Rights Shares; and
- (c) the Directors be and are hereby authorised to fix the Books Closure Date in their absolute discretion; and
- (d) the Directors be and are hereby authorised to take such steps, do all such acts and things, (including but not limited to finalising, approving and executing all such documents as may be required in connection with the Rights Issue, and the issue of the Nil-Paid Rights and the Rights Shares, and making amendments to the terms and conditions of the Rights Issue (including the Rights Price)) and to exercise such discretion as the Directors may in their absolute discretion deem fit, advisable or necessary to give full effect to this resolution, the Rights Issue and the allotment and issue of the Rights Shares.

### By Order of the Board

Dr. Gan See Khem  
Executive Chairman and Managing Director  
Singapore  
26 January 2017



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Notes:

1. A member of the Company who is not a relevant intermediary (as defined in Note 2 below) is entitled to appoint not more than two proxies to attend, speak and vote at the Extraordinary General Meeting (“EGM”) on his behalf. Where a member appoints more than one proxy, the number of shares to be represented by each proxy shall be specified on the instrument appointing the proxy or proxies, failing which the appointments shall be deemed to be in the alternative.
2. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM on his behalf, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.  
  
“**Relevant intermediary**” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
3. A corporation which is a member may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must be deposited 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 appointed for holding the EGM, and in default the instrument of proxy shall not be treated as valid.
6. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument of proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.
7. The submission of an instrument appointing a proxy or proxies by a member of the Company does not preclude him from attending and voting in person at the EGM if he is able to do so. In such an event, the instrument appointing the proxy or proxies will be deemed to be revoked, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy or proxies, to the general meeting.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
9. In the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

### Personal data privacy:

“**Personal data**” in this notice has the same meaning as “personal data” in the Personal Data Protection Act 2012. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents or its service providers) to update its scrip holders’ information (if applicable) and to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty. Personal data of the member and the member’s proxy and/or representative may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company’s verification and record purposes.



## PROXY FORM

### HEALTH MANAGEMENT INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 199805241E)

### PROXY FORM

(Please see notes overleaf before completing this Form)

#### IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Health Management International Ltd's shares, this Circular is sent to them at the request of their CPF Approved Nominees, and is sent solely **FOR INFORMATION ONLY**. This form of proxy is therefore not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport No./UEN No.)  
of \_\_\_\_\_ (Address)

being a member/members\* of **HEALTH MANAGEMENT INTERNATIONAL LTD** (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and/or

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing \*him/her/them, the Chairman of the Extraordinary General Meeting ("**EGM**") of the Company as \*my/our \*proxy/proxies to attend, to speak and to vote for \*me/us and on \*my/our behalf at the EGM, to be held at Event Hall 1-1, Level 1, Lifelong Learning Institute, 11 Eunos Road 8, Singapore 408601 on 10 February 2017 at 1.30 p.m. and at any adjournment thereof.

\*I/We direct \*my/our \*proxy/proxies to vote for or against the ordinary resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/her/they will on any other matter arising at the EGM and at any adjournment thereof.

Resolutions	Number of votes For**	Number of votes Against**
ORDINARY RESOLUTION 1: To approve the proposed MIL Acquisition		
ORDINARY RESOLUTION 2: To approve the proposed Senipuri Acquisition (excluding the CWM Acquisition)		
ORDINARY RESOLUTION 3: To approve the proposed 2M Acquisition (excluding the CWM Acquisition)		
ORDINARY RESOLUTION 4: To approve the proposed Dr. A Acquisition		
ORDINARY RESOLUTION 5: To approve the proposed Dr. B Acquisition		
ORDINARY RESOLUTION 6: To approve the proposed CWM Acquisition		
ORDINARY RESOLUTION 7: To approve the Rights Issue		

\* Please delete accordingly.

\*\* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please indicate with a "X" in the box provided. Otherwise, please indicate the number of votes "For" or "Against" within the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ THE NOTES OVERLEAF CAREFULLY BEFORE COMPLETING THIS FORM.**

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**Notes:**

1. A member of the Company who is not a relevant intermediary (as defined in Note 2 below) is entitled to appoint not more than two proxies to attend, speak and vote at the EGM on his behalf. Where a member appoints more than one proxy, the number of shares to be represented by each proxy shall be specified on the instrument appointing the proxy or proxies, failing which the appointments shall be deemed to be in the alternative.
2. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM on his behalf, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.  
"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
3. A corporation which is a member may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must be deposited 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 appointed for holding the EGM, and in default the instrument of proxy shall not be treated as valid.
6. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument of proxy is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

2<sup>nd</sup> fold here Do not staple. Glue all sides firmly.

Affix  
Postage  
Stamp

**BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.**

Share Registrar of  
Health Management International Ltd  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

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7. The submission of an instrument appointing a proxy or proxies by a member of the Company does not preclude him from attending and voting in person at the EGM if he is able to do so. In such an event, the instrument appointing the proxy or proxies will be deemed to be revoked, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy or proxies, to the general meeting.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
9. In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
10. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
11. Any alteration made in this instrument appointing a proxy or proxies must be initialled by the person who signs it.
12. By submitting this Proxy Form appointing a proxy or proxies, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.

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