HEALTH
MANAGEMENT
INTERNATIONAL

Delivering & GROWING

Annual Report 2015

VISION

Improving lives through quality healthcare

MISSION

To be a leading regional healthcare company committed to the delivery of quality services with care and compassion, that:

- Creates sustainable stakeholder value;
- Improves the quality of human life;
- Adheres to the highest ethical standards; and
- Attracts and develops quality human capital

PROVIDING QUALITY HEALTHCARE ACROSS THE REGION

Health Management International Ltd ("HMI" or the "Group") is a growing private healthcare provider with presence in Singapore, Malaysia and Indonesia.

The Group's key assets comprise of two tertiary hospitals in Malaysia, the 288 bed capacity Mahkota Medical Centre ("**Mahkota**") in Malacca and the 218 bed capacity Regency Specialist Hospital ("**Regency**") in Johor. The hospitals are supported by a network of 19 patient referral centres across the region.

The Group also owns and operates the HMI Institute of Health Sciences in Singapore.

CONTENTS

CORPORATE STRUCTURE

HMI HEALTH MANAGEMENT INTERNATIONAL

HEALTH MANAGEMENT INTERNATIONAL LTD

49%[a] — MAHKOTA MEDICAL CENTRE 仁愛醫院

61%[a] — REGENCY SPECIALIST HOSPITAL 立康专科医院

100% — HMI Institute of Health Sciences

[a] Represents effective shareholding; HMI is the single largest shareholder and has Board and management control.

COMPANY MILESTONES

FY1998:
Incorporation of HMI; HMI operated the 60 bed Balestier Hospital in Singapore

FY1999:
Obtained agreement to manage the then loss making Mahkota Medical Centre ("Mahkota")

HMI was subsequently listed on SGX-Sesdaq

FY2000:
Completed acquisition of 20% interest in Mahkota

FY2001:
Successfully achieved turnaround for Mahkota and raised HMI's interest in the hospital to 40%

FY2002:
Launch of HMI Institute of Health Sciences in Singapore

FY2005:
HMI shifted its core business in Singapore to healthcare education and training

FY2007:
Acquired a 35% stake in Regency Specialist Hospital ("Regency"), a then vacant hospital building

HMI also raised its stake in Mahkota to 49%

FY2008:
HMI successfully commissioned Regency and raised its stake in the hospital to 61%

HMI was upgraded to the SGX-Mainboard

FY2009:
Official opening of Regency

FY2010:
Mahkota and Regency approved for use of Medisave overseas for hospitalisation and day surgeries

FY2014:
Regency achieved first full year of profitability

FY2015:
Mahkota and Regency commenced capacity expansion

HIGHLIGHTS OF THE FINANCIAL YEAR

We have close to **500** beds across 2 hospitals

and **19** patient referral centres in the region.

In FY2015, we have **1,300** employees

and **170** practicing consultants

who treated **≈400,000 patients.**

Over the years, we won **17 awards,**

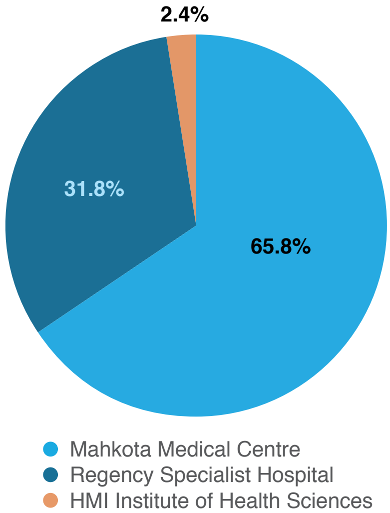
performed over **120,000** surgeries and

trained more than **100,000** individuals in life saving skills.

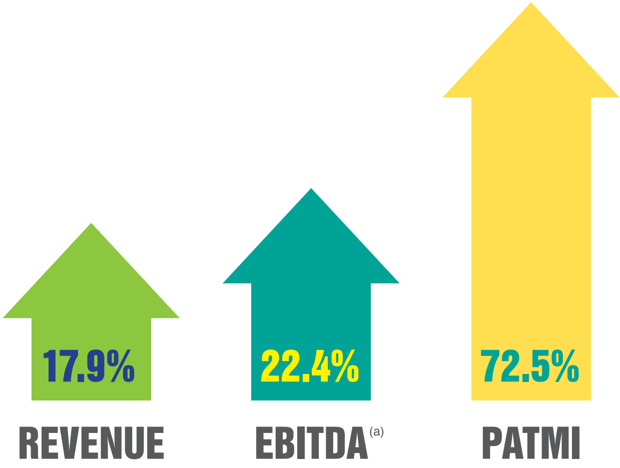
WE ARE CONFIDENT OF OUR FUTURE.

5-YEAR FINANCIAL HIGHLIGHTS

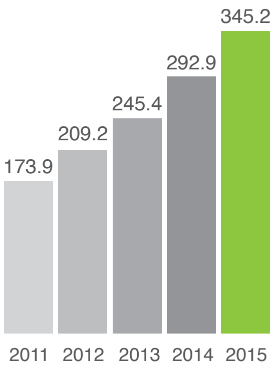
**FY2015
Revenue Contribution**



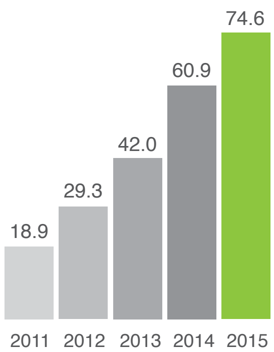
**FY2015
Growth Rates**



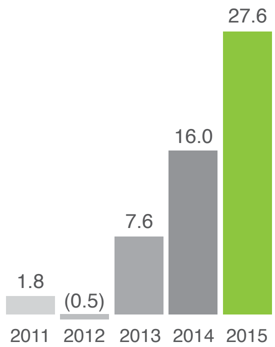
Group Revenue in RMm



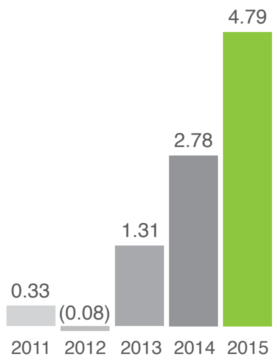
Group EBITDA[a] in RMm



Group PATMI in RMm



Group Basic EPS in RM cents



	Units	FY2011	FY2012	FY2013	FY2014	FY2015
Revenue	RM'000	173,884	209,221	245,415	292,912	345,224
Revenue Growth	%		20.3%	17.3%	19.4%	17.9%
Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") [a]	RM'000	18,859	29,298	41,998	60,896	74,567
EBITDA Margin	%	10.8%	14.0%	17.1%	20.8%	21.6%
Net Profit After Tax ("NPAT")	RM'000	6,809	8,133	19,171	36,042	53,357
Net Profit Attributable to Equity Holders ("PATMI")	RM'000	1,816	(481)	7,574	16,027	27,643
Basic Earnings per Share	RM cents	0.33	(0.08)	1.31	2.78	4.79
Total Debt	RM'000	77,212	69,855	63,648	55,378	40,576
Net Debt	RM'000	65,964	63,320	53,949	29,401	1,500
Net Debt / EBITDA	x	3.5x	2.2x	1.3x	0.5x	0.0x

[a] EBITDA is adjusted for effects of asset restructuring exercise undertaken in FY2015 and excludes net currency gains or losses.

Dr Gan See Khem

Executive Chairman and Managing Director
Health Management International Ltd

CHAIRMAN'S MESSAGE

Dear Shareholders,

The financial year ended 30 June 2015 ("FY2015") was an excellent one for the Group. Building on the growth momentum at our hospital division, we ended the financial year with a record net profit attributable to shareholders of RM 27.6 million, a substantial increase of 72.5% as compared to the previous financial year.

Overcoming Challenges, Delivering Results

The Group faced numerous external and systemic challenges in FY2015. Within Malaysia, the political uncertainty as well as low commodity prices have weakened the Malaysian Ringgit significantly. These factors, along with the introduction of the Goods and Services Tax, have moderated consumer and investor confidence within the country.

In Indonesia, our most important overseas patient segment, the declining Indonesian Rupiah and the introduction of universal health coverage further dampened the overall demand for medical treatments in hubs like Singapore and Malaysia.

Despite the factors listed above affecting domestic healthcare spending and medical tourism, the Group delivered continued growth at its two hospitals through increased patient load, higher average bill size per patient and effective cost management.

Consolidating Our Position, Identifying Future Opportunities

Our flagship hospital, Mahkota Medical Centre ("Mahkota") is one of the leading and most profitable hospitals in Malaysia. Mahkota has won numerous awards in the past including the most recent Frost & Sullivan Best Practices Award 2015: Malaysia Medical Tourism Hospital of the Year Award.

The Group's second hospital, Regency Specialist Hospital ("Regency"), has also performed exceptionally. Although only launched in late 2009, Regency's rapid growth makes it one of the fastest growing private hospitals in Malaysia.

Recognising the growth potential at both hospitals, management has initiated plans to expand capacity through renovation works within existing premises as well as the construction of a new medical outpatient block at Regency. Apart from capacity expansion, we are also focused on talent management and succession planning within the Group to propel us forward over the coming years.

With both hospitals developing well, the Group has also started to pursue new healthcare opportunities in the region so as to replicate the successful hospital model achieved in Mahkota and Regency. The Group continues to see good long-term prospects for the healthcare sector in the region. Our search for new healthcare investments will also be aided by our healthy balance sheet position, a growing cash pool and low debt level.

Supporting The Community, Sharing Our Growth

As part of the Group's corporate social responsibilities, we are committed to improving the quality of life in the local communities we operate in. During the year, the Group continued to contribute to the community through active engagement and numerous outreach activities. We believe in the importance of continuously reaching out a helping hand to the underprivileged where we can. This also enables us to grow and develop our capabilities through the support of our communities.

Conveying Our Heartfelt Appreciation and Gratitude

I would like to sincerely thank all our customers, business partners and other stakeholders for another year of strong support. Special appreciation is also extended to the Ministry of Health, government agencies and community organisations in Singapore and Malaysia for their continued support for the initiatives undertaken by the Group.

On behalf of the Board of Directors, I would like to thank our shareholders for the confidence they have shown in the Group.

I would also like to thank our consultants, management and staff for your dedication. Your care for our customers truly is integral to the continued growth of the Group.

Dr Gan See Khem
Executive Chairman and Managing Director
Health Management International Ltd

BOARD OF DIRECTORS

Dr Gan See Khem
Executive Chairman and Managing Director
Appointed in January 1999

Dr Gan See Khem is Executive Chairman and Managing Director of Health Management International Ltd ("HMI"). She has spearheaded the Group's healthcare and education businesses since 1999.

Dr Gan is an active figure in public services and currently serves on the Malaysia-Singapore Business Council. She also currently serves as the first woman President of the Singapore Gan Clan Association and is distinguished as one of the first two women to become a council member at the Singapore Chinese Chamber of Commerce and Industry in 1995. She was a Nominated Member of Parliament of the Republic of Singapore. She was also previously on the Board of Trustees of the Institute of South East Asian Studies and Singapore Management University ("SMU"), and was a member of the International Advisory Board of Curtin Business School.

Dr Gan specialised in strategic planning and management during her 15-year tenure at the National University of Singapore. She holds a PhD in Business Administration from the University of Sheffield, United Kingdom.

Ms Chin Wei Jia
Executive Director and Group Chief Executive Officer
Appointed in October 2014

Ms Chin Wei Jia was appointed as an Executive Director of HMI in October 2014 and as Group Chief Executive Officer ("CEO") of HMI in September 2015. As Group CEO, she leads the strategic and operational activities in the Group. She also holds the concurrent appointment of CEO of Regency Specialist Hospital since 2012.

Ms Chin first joined HMI in 2002 and contributed to the launch of HMI Institute of Health Sciences. She played a key role in the development of HMI into a SGX mainboard listed healthcare company. Ms Chin was a member of the core team that commissioned HMI's new Regency Specialist Hospital in 2008 and established HMI's Medisave-accredited referral centre to enable HMI hospitals to provide overseas hospitalisation and day surgeries under the Singapore Medisave scheme.

Ms Chin holds a Bachelor of Arts (summa cum laude) in Economics and International Relations from Boston University, United States of America. She also has a Masters of Arts in International Relations from Johns Hopkins University, United States of America.

Dr Cheah Way Mun
Independent Non-Executive Director
Appointed in September 1999

Dr Cheah Way Mun is an Independent Non-Executive Director of HMI. He is also a member of the Audit and Risk Management Committee, Remuneration Committee and Nominating Committee.

Dr Cheah is an accomplished ophthalmic surgeon in private practice. He was previously the head of the eye department of Tan Tock Seng Hospital and a visiting consultant of the National University Hospital and the Singapore National Eye Centre.

Dr Cheah holds an MBBS from the then University of Singapore and is a fellow of the Royal College of Surgeons (Glasgow and Edinburgh) and the American Academy of Ophthalmology.

Mr Gan Lai Chiang, Andy
Lead Independent Director
Appointed in April 2002

Mr Gan Lai Chiang, Andy is the Lead Independent Director of HMI. He is also Chairman of the Audit and Risk Management Committee and a member of the Nominating Committee and Remuneration Committee.

Mr Gan is the Managing Director of Swiss Securitas Asia Pte Ltd and sits on the Board of Directors of various other companies. Mr Gan was a Member of Parliament for Marine Parade Group Representation Constituency and a member of the Government Parliamentary Committees for Health and Transport. He serves on the Nominations Committee and Corporate Governance Committee of the Institute of Singapore Chartered Accountants.

Mr Gan holds a Bachelor of Commerce degree from the University of Western Australia and a Graduate Diploma in Accounting from Curtin University, Australia. He is a Fellow of the Institute of Singapore Chartered Accountants and a Fellow CPA Australia.

Professor Tan Chin Tiong
Independent
Non-Executive Director
Appointed in September 1999

Professor Tan Chin Tiong is an Independent Non-Executive Director of HMI. He is Chairman of the Remuneration Committee and Nominating Committee. He is also a member of the Audit and Risk Management Committee.

He is the Founding President of Singapore Institute of Technology and the Founding Provost of SMU. Professor Tan is currently the senior advisor to the President of SMU. He is also a professor of marketing and has co-authored several books on marketing and business and consulted for corporations around the world.

Professor Tan is the Independent Director of Imperium Crown Ltd and MYP Ltd.

Professor Tan holds a PhD from the Pennsylvania State University, United States of America.

SENIOR MANAGEMENT

Ms Chin Wei Jia

Group Chief Executive Officer
Health Management International

Chief Executive Officer
Regency Specialist Hospital

Ms Chin Wei Jia is the Group Chief Executive Officer ("CEO") of Health Management International Ltd ("HMI"). As Group CEO, she leads the strategic and operational activities in the Group. She also holds the concurrent appointment of CEO of Regency Specialist Hospital since 2012.

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Ms Chin holds a Bachelor of Arts (summa cum laude) in Economics and International Relations from Boston University, United States of America. She also has a Masters of Arts in International Relations from Johns Hopkins University, United States of America.

Mr Stanley Lam

Chief Executive Officer
Mahkota Medical Centre

Mr Stanley Lam joined Mahkota Medical Centre ("Mahkota") as Chief Executive Officer in 2013.

Prior to joining Mahkota, Mr Lam started his career with the Pantai Group of Hospitals in 2003 as an accountant in Pantai Cheras, where he rose to the position of CEO of Pantai Hospital Klang in a span of five years. He was subsequently appointed as Deputy CEO of Pantai Hospital Kuala Lumpur in February 2012.

A Chartered Accountant by profession, Mr Lam is a member of the Association of Chartered Certified Accountants ("ACCA") and Institute of Chartered Secretaries & Administrators ("ICSA").

Mr Chin Wei Yao

Director of Finance and
Corporate Development
Health Management International

Mr Chin Wei Yao joined HMI in 2015 as Director of Finance & Corporate Development. He is responsible for the supervision of the Group's overall financial reporting matters and driving the development of the Group's healthcare services business.

Prior to joining HMI, Mr Chin worked for eight years in private equity and investment banking in South East Asia. His last position was Associate Director at KV Asia Capital and he was also previously a Vice President at Sindicatum. He started out his career as an investment banker at Credit Suisse in 2007.

Mr Chin graduated summa cum laude with a B.A. in Economics (Honours) from New York University. He is also an Association of Chartered Certified Accountants ("ACCA") affiliate member.

Mr Tee Soo Kong

General Manager
HMI Institute of Health Sciences

Mr Tee is the General Manager of HMI Institute of Health Sciences ("IHS"). He was previously IHS's Senior Manager of Education and Training in 2010 before taking on the General Mananger role in 2012.

Mr Tee has held various leadership positions in Singapore's healthcare vocational training industry. He also has more than 25 years of experience that spans across organisations such as the Singapore Armed Forces, voluntary welfare organisations and private healthcare education service providers.

Mr Tee has a degree in Education and Training from the University of Melbourne.

Mahkota Medical Centre ("Mahkota")

Dr Tan Cheng Hock
Medical Director
Mahkota Medical Centre

Dr Tan Cheng Hock joined Mahkota as its Medical Director in 2006.

Dr Tan began his career as a lecturer and consultant in University Malaya before starting his private practice as a consultant in Obstetrics & Gynaecology in 1980. He has also been lecturing part time in Melaka Manipal Medical College since 2000 and was member of the Board of Directors in Southern Hospital until 2007.

Dr Tan graduated with a Bachelor of Medicine and Bachelor of Surgery ("MBBS") from the University of Sydney in 1968. He is a Fellow of Royal College of Obstetrics & Gynaecology (London) and a life member of the Malaysian Medical Association.

Ms May Tan Mei Yen
Chief Financial Officer
Mahkota Medical Centre

Ms May Tan joined Mahkota in 2010 as Chief Financial Officer. She is responsible for Mahkota's financial and management accounting functions.

Prior to joining Mahkota, she worked in the assurance industry in the United Kingdom and Malaysia with her last position being a Director in Ernst and Young.

Ms Tan graduated with a Bachelor of Commerce from the University of Melbourne. She is a member of the Institute of Chartered Accountants of Scotland and the Malaysian Institute of Accountants.

Ms Sally Tan
General Manager of Patient Services
Mahkota Medical Centre

Ms Sally Tan is the General Manager, Patient Services of Mahkota. She is responsible for a broad range of the hospital's services including Nursing, Medical Records, Hemodialysis and Diabetic Care.

She first joined Mahkota in 1994 as a Head Nurse in the Critical Care Unit and has rose through several managerial roles to her current position in 2008. She was previously a clinical instructor at the Nursing College Melaka and a State Registered Nurse at Melaka General Hospital.

Miss Tan obtained her Master of Business Administration from Edith Cowan University in Australia. She also holds a Diploma in Nursing from Nursing College Melaka and a Graduate Diploma in Occupational Health and Safety from Queensland University of Technology.

Mr Mok Chek Min
Director of Cardiac Catheterisation laboratory and Quality Assurance
Mahkota Medical Centre

Mr Mok Chek Min is the Director of Cardiac Catheterisation Laboratory and Quality Assurance of Mahkota.

Mr Mok first joined Mahkota in 1995 as its Chief Perfusionist and was responsible for the development of cardiac and cardiothoracic services in the hospital. Prior to joining Mahkota, Mr Mok was a Senior Perfusionist with the National Heart Institute, Kuala Lumpur.

Mr Mok attained his certification in Clinical Perfusion with the American Board of Cardiovascular Perfusion in 1995 and became one of the few certified perfusionist outside the United States.

SENIOR MANAGEMENT

Mr Lee Soon Teck
Director of Operating Theatre Complex and Clinical Support Services
Mahkota Medical Centre

Mr Lee Soon Teck is the Director of Operating Theatre Complex and Clinical Support Services of Mahkota. He joined Mahkota in 2013 as Director of Clinical Support Services and Facilities Management.

Prior to joining Mahkota, Mr Lee was Chief Operating Officer of Rawang Specialist Centre and Chief Executive Officer of Pantai Hospital Batu Pahat.

Mr Lee graduated with a Bachelor of Public Management from the Northern University of Malaysia.

Mr Kenneth Tan
Director of Human Resources
Mahkota Medical Centre

Mr Kenneth Tan joined Mahkota in April 2015 as Director, Human Resources. He provides a leadership role in Human Resource ("HR") strategies and roadmap implementation for the hospital.

Prior to joining Mahkota, Mr Tan was the Corporate HR Director of the Harita Group, an Indonesian conglomerate, and was based in Jakarta for four years. Prior to that, Mr Tan was the Asia Pacific Zone HR Director for Bureau Veritas.

He has a Bachelor of Business in Business Administration from RMIT University and has a post-graduate Diploma in Management from the Malaysia Institute of Management.

Regency Specialist Hospital ("Regency")

Dr Teh Peng Hooi
Medical Director
Regency Specialist Hospital

Dr Teh Peng Hooi has been the Medical Director of Regency since August 2009.

Dr Teh is a practising consultant orthopaedic surgeon in private practice in Singapore and Malaysia (Regency). He is also an honorary visiting consultant orthopaedic surgeon at Hospital Sultanah Aminah in Johor Bahru. Dr Teh is currently the Chairman of National St John Council (Singapore).

Dr Teh has an MBBS from University of Singapore. He is a Fellow of the Royal College of Surgeons (Edinburgh), as well as a Fellow of the Academy of Medicine, Singapore.

Mr Albert Choong
Director of Operations
Regency Specialist Hospital

Mr Albert Choong is the Director of Operations in Regency. He is responsible for the smooth running of Regency's clinical and non-clinical departments.

Mr Choong first joined Mahkota and was later seconded to Regency as a Senior Manager, Operations in March 2012. Prior to joining Mahkota, Mr Choong worked in several government hospitals in Malaysia. He was a ward manager at Nilai Cancer Institute in 2006 before joining Mahkota as a Senior Manager, Support Services and Quality Assurance in 2008.

Mr Choong graduated as a medical assistant from the Nursing School in Penang. He also has a Masters in Business Administration from the Open University Malaysia.

Mr Derrick Chan
Director of Business Development
Regency Specialist Hospital

Mr Derrick Chan joined Regency in 2013 as Director of Business Development and is responsible for the hospital's business development, marketing, and special projects.

Prior to joining Regency, he held various management positions in various departments across the Singapore public service for over 17 years, including a two year stint in Jakarta, Indonesia.

Mr Chan graduated with a First Class Honours degree in Electrical and Computer Systems from Monash University in Australia. He also has a Master in Public Administration from the Lee Kuan Yew School of Public Policy.

Ms Siti Muslehat Bte Mustaffa
Director of Patient Services
Regency Specialist Hospital

Ms Siti Muslehat Mustaffa joined Regency in 2013 as Director of Patient Services. She is responsible for Regency's Nursing Services, Infection Control and Quality & Innovation activities.

Ms Siti has over 30 years working experience in the healthcare sector. Prior to joining Regency, she held various management and teaching positions in a major hospital and tertiary teaching institution in Singapore.

A nurse by profession, Miss Siti is a registered nurse with the Singapore Nursing Board. She has a Bachelor of Health Sciences (Nursing) and Master of Health Science (Management) from the University of Sydney. Miss Siti also has a Post-Graduate Diploma in Higher Education from the National Institute of Education (Singapore).

Ms Vickie See Wai Gai
Director of Finance and Administration
Regency Specialist Hospital

Ms Vickie See joined Regency in 2014 as Director of Finance and Administration. She is responsible for the hospital's finance functions.

Prior to joining Regency, Ms See has over 20 years of diverse HR and managerial working experience in the healthcare sector. She held management positions in various departments in a major heart specialist institution in Kuala Lumpur, Malaysia.

An accountant by profession, Ms See is a fellow member of the ACCA, United Kingdom. She is also a member of the Malaysian Institute of Accountants. She has a Master in Business Administration in International Business from the University of East London.

Ms Chin Wei Jia

Group Chief Executive Officer
Health Management International Ltd

GROUP CEO'S MESSAGE – REVIEW OF OPERATIONS

Dear Shareholders,

The latest financial year was peppered with many events that affected the region. However, amidst the volatile macroeconomic conditions, the Group has continued to exceed expectations, delivering yet another set of excellent results.

Group Financial Performance

For the financial year ended 30 June 2015 ("FY2015"), the Group's revenue increased by 17.9% to RM 345.2 million. This strong performance was primarily driven by increased patient load and higher average bill sizes per patient at both hospitals.

The increase in revenue coupled with effective cost management and lower finance expense as a result of the Group's deleveraging strategy, resulted in profit before tax growing to RM 54.8 million from RM 46.2 million in the prior year.

The robust overall performance led to an increase of 72.5% in the Group's net profit attributable to equity holders ("PATMI") to achieve a new PATMI record of RM 27.6 million. This was partially aided by the recognition of deferred tax asset of RM 9.0 million by the Group, in which approximately RM 5.5 million was attributable to equity holders.

In line with the strong performance, the Group ended FY2015 in a solid position with a healthy cash balance of RM 39.1 million and total debt of just RM 40.6 million, ensuring a sizable headroom for growth in the years ahead.

MAHKOTA MEDICAL CENTRE

MAHKOTA'S POSITION AS THE LEADING HOSPITAL OF CHOICE FOR OVERSEAS PATIENTS WAS REAFFIRMED WHEN IT WAS CONFERRED THE PRESTIGIOUS FROST & SULLIVAN BEST PRACTICES AWARD 2015: MALAYSIA MEDICAL TOURISM HOSPITAL OF THE YEAR AWARD.

Mahkota Medical Centre
Maintaining pole position in Malaysia

Mahkota Medical Centre ("Mahkota") maintained its growth trajectory in FY2015, achieving a revenue of RM 229 million, an increase of 8.2% compared to the previous financial year. FY2015 also saw the recruitment of more doctors in subspecialties, higher patient volume and more major surgeries performed which drove up occupancy and average bill size per patient. Despite a slowdown in regional air travel as well as Indonesia's introduction of universal health coverage, patient volume continued to grow to over 289,000 in FY2015.

Mahkota's position as the leading hospital of choice for overseas patients was reaffirmed when it was conferred the prestigious Frost & Sullivan Best Practices Award 2015: Malaysia Medical Tourism Hospital of the Year Award. This award acknowledges companies that have pushed the boundaries of excellence, risen above competition and demonstrated outstanding performance.

Broadening our scope and improving our quality of care

Mahkota continued to strengthen its support for Continuing Medical Education ("CME") by hosting 14 talks conducted by local and overseas consultants. The hospital also added a new specialty and a sub-specialty – Emergency Medicine and Ophthalmology (Retinal Services) – to its list of specialities to provide a more comprehensive suite of medical services for its patients.

As part of Mahkota's customer service initiatives in FY2015, the hospital started providing follow-up calls to discharged patients to enquire about their wellbeing. These efforts have contributed to Mahkota's strong customer service rating of 8.2 out of 10.

Adding beds and operation theatre capacity

In order to cope with the growing demand, Mahkota started renovation works to add a new Day Surgery Unit. Scheduled to be operational by the end of 2015, the unit will have two operating theatres and 13 day beds. This will allow the hospital to accommodate more day surgeries and

is in line with the growing trend in private healthcare for day surgeries. In addition, the hospital is also planning to renovate half a floor in the existing building to add a new ward with approximately 40 more inpatient beds.

Being the only private hospital in Malacca to have an emergency medicine specialist, Mahkota expanded its Accident & Emergency Department through the addition of two more beds in the yellow zone.

Enhancing our Mahkota Cancer Centre

Mahkota purchased and launched its Volumetric Modulated Arc Therapy ("VMAT") for cancer treatment in FY2015 to enhance its existing services offered. VMAT is recognised as one of the most advanced and sophisticated external beam, radiation therapy treatments currently available.

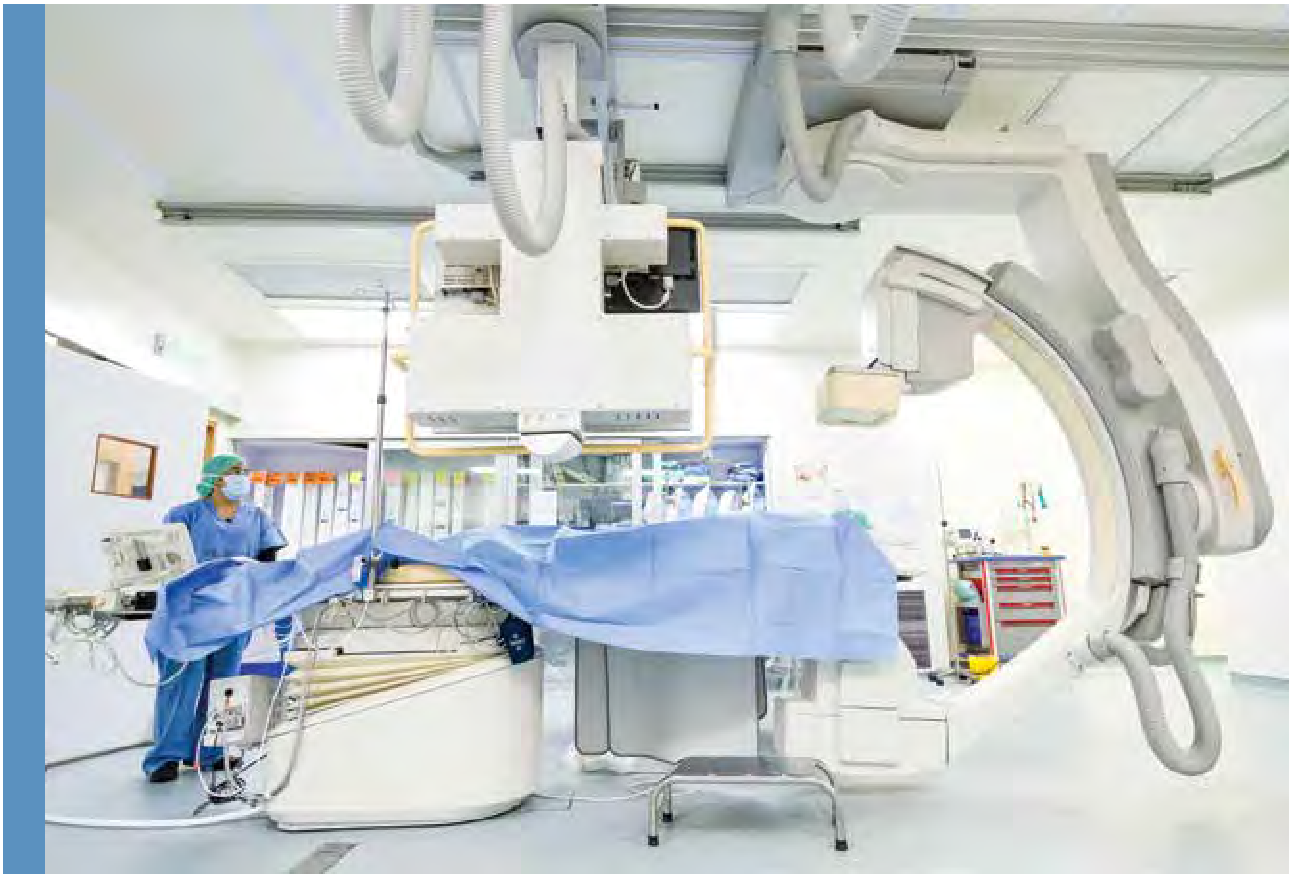
Furthermore, with its purchase of a Positron Emission Tomography-Computed Tomography ("PET/CT") scanner, due to be operational in the next financial year ("FY2016"), Mahkota Cancer Centre would truly be a complete Centre of Excellence ("COE") for cancer treatment and diagnosis.

Growing from strength to strength

Going forward, Mahkota will focus on strengthening its market position as a major one-stop comprehensive care hospital through expanding its core specialities, further developing its COEs, maximising existing facilities utilisation and attracting new doctors and skilled support staff.

The upcoming completion of its Day Surgery Unit and the addition of more beds and a PET/CT scanner in FY2016 will ensure that Mahkota is well positioned for further growth in the future.

GROUP CEO'S MESSAGE – REVIEW OF OPERATIONS



Regency Specialist Hospital
One of the fastest growing private hospitals in Malaysia

Established in late 2009, Regency Specialist Hospital ("Regency") achieved profitability by FY2014. The hospital's strong turnaround continued into FY2015 with revenue growing to a record high of RM 111 million, representing a year-on-year increase of 41% and establishing Regency as one of the fastest growing private hospitals in Malaysia.

The hospital has also inked several memoranda of understanding with key associations in Indonesia during the latest financial year as it looks to increase its share of the Malaysian medical tourism market. Moreover, owing to its proximity to fast growing industrial and residential areas such as Pasir Gudang and Bandar Seri Alam, Regency's marketing and outreach efforts have contributed to the hospital's patient load growing to almost 100,000 in FY2015. Despite adding more beds to cope with the burgeoning demand from patients, Regency's bed occupancy is at an all-time high of 72%.

Improving medical capability and services

FY2015 was a momentous year for Regency as it added a new specialty (Nephrology), started its dialysis services and commenced its open heart surgery programme. As Regency moves towards its goal of becoming a major one-stop comprehensive care hospital similar to Mahkota, the hospital continues to be active in promoting CME for physicians with a series of CME talks conducted by local and overseas consultants. To tap on new growth areas, Regency will be starting its Aesthetics Centre in FY2016.

Bringing patients' experience to the next level

Regency continues to seek to improve its patients' and their loved ones' experiences at the hospital. Similar to its sister hospital – Mahkota – Regency's nursing division started its "Greet, Smile and Touch" campaign for its nurses when interacting with the hospital's patients. Customer service officers also make regular rounds to obtain feedback and help resolve any issues that patients may face.

REGENCY SPECIALIST HOSPITAL

DESPITE ADDING ADDITIONAL BEDS TO COPE WITH THE BURGEONING DEMAND FROM PATIENTS, REGENCY'S BED OCCUPANCY IS AT AN ALL-TIME HIGH OF 72%.

GROUP CEO'S MESSAGE – REVIEW OF OPERATIONS

Artist impression of the proposed Regency Medical Outpatient Block

Boosting capacity to cater to patients' needs

Congruent to Regency's commitment to invest in the development of more clinic space to boost capacity, the hospital has initiated plans to construct a new medical outpatient block ("MOB") behind its existing building. The 10-storey MOB is expected to take around two years to construct and commission, after which Regency will have a dedicated building for outpatient services, more clinic suites and increased bed capacity.

In addition to the MOB, Regency will also develop a cancer centre that will enable the hospital to provide radiotherapy, further enhancing its suite of oncology treatments.

Positioning for further growth

With the rapid development of Iskandar Malaysia and entry of new hospitals, the competition faced by Regency is expected to intensify over the next few years. However, Regency will continue to focus on differentiating itself from other competitors by growing its key disciplines, launching new services, enhancing patient experience and increasing capacity.

HMI Institute of Health Sciences

One of two WDA appointed CET centres for healthcare support sector

HMI Institute of Health Sciences ("IHS") is one of only two Singapore Workforce Development Agency ("WDA") appointed Continuing Education and Training ("CET") centres for the healthcare support sector in Singapore. FY2015 was a good year for IHS with revenue growing by 15% due to increased student enrolment and signups for emergency life support courses.

Having developed close links with healthcare providers in Singapore, IHS is keenly aware of the skillsets healthcare employers look for in aspiring healthcare support job seekers and has introduced two new courses during the latest financial year – 'Basic Healthcare Skills for General Practitioner Clinic Assistants' and Podiatry modular courses.

Move to Devan Nair Institute for Employment and Employability

Demand for healthcare support personnel in Singapore is expected to surge in the coming years driven by an ageing society and a strong pipeline of new hospitals and healthcare institutions being set up as per the Ministry of Health's Healthcare Masterplan 2020.

In order to accommodate the expected increase in trainees, IHS is shifting its operations to the Devan Nair Institute for Employment and Employability ("DNI") in Jurong.

The seven-storey DNI is a hub for best-in-class CET providers. The move to DNI will not only enlarge IHS's training premises but also allow it to be in close proximity to Ng Teng Fong General Hospital and Jurong Community Hospital.

GROUP CEO'S MESSAGE – REVIEW OF OPERATIONS

Talent Management

At HMI, we highly value our talent and are committed to actively attract, develop, engage and retain talent to drive the continued growth of the Group.

The hospitals' talent management plan focuses on four key strategies, namely (i) overall leadership roadmap, (ii) development of the talent roster, (iii) retention and empowering of employees and (iv) medical staff development. The talent management plan also sets out clear career progression pathways, and features a series of professional, leadership and skills upgrading programmes for clinical and managerial staff.

To enable our consultants, doctors, nurses and allied health professionals to keep abreast with the latest developments in the medical field, our hospitals regularly conduct continuing medical and nursing education talks as well as actively participate in industry-wide conferences and seminars.

To further enhance our service-driven culture, the Group also regularly conducts customer service, team building and personal effectiveness programmes for front line service staff to develop their confidence in caring for and interacting with our customers. The Group also continues to regularly conduct workplace health promotion activities to promote healthy lifestyles, and organises numerous internal events to celebrate festivities and recognise accomplishments.

Investor Relations

The Group is committed to corporate transparency and effective corporate governance through maintaining open and continuous dialogue with our shareholders, analysts and financial media. The Group regularly furnishes prompt, comprehensive and relevant disclosure in its announcements, circulars to shareholders and annual report. All material information is disclosed and can be accessed via SGXNet and the HMI corporate website (www.hmi.com.sg) in a timely manner.

Going forward, HMI will work to raise the public's awareness of the Group and build sustainable relationships with the shareholders and the investment community.

Acknowledgements

My team and I would also like to convey our appreciation to our Board of Directors for their insights, direction and stewardship throughout FY2015.

The Group would not have been able to grow its business without our dedicated team of consultants, doctors, nursing and allied health professionals and staff. Your unwavering commitment to excellence will ensure our continued success in the competitive environment that we operate in and we look forward to your continued support as we take the Group to the next level of growth.

Ms Chin Wei Jia
Group Chief Executive Officer
Health Management International Ltd

CORPORATE SOCIAL RESPONSIBILITY

During the year in review, many of Mahkota's and Regency's Corporate Social Responsibility ("CSR") initiatives were used to raise funds and awareness for specific diseases. The events also aimed to promote a healthy lifestyle amongst the public and to provide financial aid to the underprivileged in Malaysia.

Mahkota Medical Centre

Mount Kinabalu Charity Climbathon, 20 August 2014

In conjunction with Mahkota's 20th anniversary celebrations, the hospital organised a charity climbathon to Mount Kinabalu in Sabah, Malaysia in August 2014. The team of 20 climbers successfully scaled the 4,069 metres high mountain to raise RM 30,852 for the National Stroke Association Malaysia's initiatives to provide rehabilitation and medical assistance for stroke survivors.

Mahkota Charity Run, 21 September 2014

Mahkota Bone and Joint Replacement Centre, together with some local partners, co-organised the "Mahkota Charity Run" 2014. Over 800 participants took part in the 12km run around Malacca town centre in the one-day event. A total of RM 41,780 was raised for the Malacca Chinese Chambers of Commerce and Industry to provide support for underprivileged patients requiring orthopaedic treatments in Malacca.

Pink October Silver Lining Dinner & Fashion Show, 3 October 2014

To raise awareness of cancer in Malaysia, Mahkota Cancer Centre, together with the National Cancer Society of Malaysia, co-organised the "Pink October Silver Lining" charity dinner and fashion show on 3 October 2014. The highlight of the night was a fashion show by cancer survivors to showcase their talents and resilience in the face of their illnesses. Funds raised were used to further the education and support for cancer patients in Malaysia.

Visit to Care Haven Orphanage, Johor, 23 December 2014

To celebrate the season of giving, Regency held a Christmas Tea Party on 23 December 2014 for the underprivileged children at Care Haven Home, Johor. Regency organised a special "Christmas Shoebox" project in the hospital, whereby the staff donated gift items to fill up 70 shoeboxes of presents for the children. These shoebox presents brought big smiles to the faces of the children when they received their gifts.

Regency Specialist Hospital

Visit to Orang Asli Settlement, 10 December 2014

In December 2014, Regency's team of doctors and staff celebrated the hospital's 5th year anniversary with a visit to the Orang Asli settlement in Kampong Kuala Masai, Pasir Gudang, Johor. Regency doctors and nurses provided basic health screening for the villagers and educated them on good healthcare habits.

Charity Road Tour in Tanjung Pinang, Indonesia, 8 February 2015

Regency, together with local partners Paguyuban Sosial Marga Tionghoa, co-organised a charity road tour to several villages in Tanjung Pinang, Indonesia. During the one-day road trip, the Regency team distributed essential daily provisions like rice, oil, sugar and instant noodles to the needy villagers across the island.

CODE OF CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") together with the Management of Health Management International Ltd ("HMI" or the "Company" collectively with its subsidiaries, the "Group") firmly believe that good corporate governance is essential to the success and the sustainability of the Group's business and performance.

The corporate governance of the Group is built upon principles and guidelines set by:
1) Code of Corporate Governance 2012 (the "Code");
2) Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")

The Group has adhered to principles and guidelines from the Code to protect shareholders' interests and enhance long-term shareholders' value and corporate transparency of the Group.

THE BOARD'S CONDUCT OF AFFAIRS
Principle 1

Principal Duties of the Board

The Board oversees businesses and affairs of the Group with the objective of maximising long-term shareholder value and safe-guarding of shareholders' and other stakeholders' interests. The principal duties of the Board include:

1) Deciding on broad policies, strategic directions and objectives of the Company and the Group;
2) Approving annual budgets, periodic plans and major investments and divestments;
3) Overseeing processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance requirements;
4) Appointing the Chief Executive Officer ("CEO"), Directors and Senior Management; and
5) Monitoring the financial performance of the Company and the Group.

Board Approval

Matters which are specifically reserved to the Board for approval are:

1) Matters involving a conflict of interest for a substantial shareholder or a Director;
2) Material acquisitions and disposal of assets;
3) Corporate or financial structuring;
4) Share issuances, interim dividends, final dividends and other returns to shareholders;
5) Matters which require Board's approval pursuant to Listing Manual of SGX-ST; and
6) Any major investments or expenditures.

Board Committees

To assist the Board in discharging its oversight function, various Board Committees, namely the Audit and Risk Management Committee ("ARMC"), Nominating Committee ("NC"), and Remuneration Committee ("RC"), have been constituted with clear written terms of reference. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

Board Orientation and Training

A formal letter of appointment is provided for every new Director to explain his/her duties and obligations. All newly appointed Directors undergo a comprehensive orientation programme to ensure that they understand their duties as Directors and how to discharge such duties. The Group provides extensive background information about its history, mission and values to the newly appointed Directors. Meetings with Key Management Personnel are also conducted to familiarise the new Directors with the business activities, strategic directions, policies and corporate governance practices of the Group. This includes site visits to the hospitals in Malacca and Johor.

As part of the Company's continuing education programme for all Directors, the Board maintains a policy for any Director to attend relevant seminars and courses conducted by, including without limitation, the Singapore Institute of Directors and SGX-ST, at the Company's expense.

CODE OF CORPORATE GOVERNANCE REPORT

Board Meetings

The Board meets regularly and as warranted. The Company adopts a policy whereby Directors are welcome to request the Management for further explanations, briefings or informal discussions on any aspect of the Group's operations or business issues.

The attendances of the Directors and former Director at meetings of the Board and Board Committees, as well as the frequency of such meetings during the financial year ended 30 June 2015, are set out below.

	HMI Board		Audit and Risk Management Committee		Nominating Committee		Remuneration Committee	
Name	**Number of Meetings Held**	**Number of Meetings Attended**	**Number of Meetings Held**	**Number of Meetings Attended**	**Number of Meetings Held**	**Number of Meetings Attended**	**Number of Meetings Held**	**Number of Meetings Attended**
Dr Gan See Khem	3	3	5	5	3	3	3	3
Dr Chin Koy Nam[(1)]	3	1	5	1	3	1	3	0
Ms Chin Wei Jia[(2)]	3	2	5	3	3	1	3	1
Dr Cheah Way Mun	3	3	5	5	3	3	3	2
Mr Gan Lai Chiang, Andy	3	3	5	5	3	3	3	3
Professor Tan Chin Tiong	3	3	5	5	3	3	3	3

Note:

(1) The number of meetings attended by Dr Chin Koy Nam during the period from 1 July 2014 to 28 October 2014. Dr Chin Koy Nam ceased to be an Executive Director of the Company with effect from 28 October 2014.

(2) The number of meetings attended by Ms Chin Wei Jia during the period from 28 October 2014 to 30 June 2015. Ms Chin Wei Jia was appointed as an Executive Director of the Company with effect from 28 October 2014.

BOARD COMPOSITION AND GUIDANCE

Principle 2

Board Composition and Size

As at 30 June 2015, the Board comprises five Directors, namely two Executive Directors and three Independent Non-Executive Directors.

Executive Directors
Dr Gan See Khem
Ms Chin Wei Jia

Independent Non-Executive Directors
Mr Gan Lai Chiang, Andy
Dr Cheah Way Mun
Professor Tan Chin Tiong

The composition of the Board is reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective of issues that are brought before the Board. The Directors provide core competencies in healthcare, education, accounting, finance, business, and management to the Board. The Directors also bring to the Board their industry knowledge and vast experiences in strategic planning and corporate development.

The Board considers that there is a strong independent element in the Board as the number of Independent Non-Executive Directors represent more than half of the Board. The Board also considers that the current Board size is appropriate for effective decision-making, taking into account the scope and nature of the operations of the Group.

The detailed background and principal commitments of the Directors are set out in pages 8 and 9 of this Annual Report.

Board Independence

The Board, at the recommendation of NC, determines on an annual basis whether a Director is independent pursuant to the definition of independence of the Code, that is, an Independent Director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. Under this definition of independence, the NC considers that, apart from Dr Gan See Khem and Ms Chin Wei Jia, the three Non-Executive Directors, namely Mr Gan Lai Chiang, Andy, Professor Tan Chin Tiong and Dr Cheah Way Mun are independent pursuant to the Code.

The NC also considers the Non-Executive Directors to be of calibre and adequate in number, and their views to be of sufficient weight that no individual or small group can dominate the Board's decision making processes. The Non-Executive Directors have no financial or contractual interests in the Group other than by way of their fees and shareholdings as set out in the Directors' Report.

Mr Gan Lai Chiang, Andy is the Lead Independent Director ("LID"). He is also the Chairman of the ARMC and a member of the NC and RC. Professor Tan Chin Tiong is an Independent Director, the Chairman of the RC and NC; and a member of the ARMC. Dr Cheah Way Mun is an Independent Director, a member of the ARMC, RC and NC.

As at 30 June 2015, the three Non-Executive Directors have served on the Board for more than nine years. In subjecting the independence of Mr Gan Lai Chiang, Andy, Professor Tan Chin Tiong and Dr Cheah Way Mun to particularly rigorous review, the NC and the Board have (with each of them abstaining from discussion and deliberation on their individual independence) placed more emphasis on whether each of them has demonstrated independent judgment, integrity, professionalism and objectivity in the discharge of his duties rather than imposing a maximum number of years that he should serve.

The NC and the Board have noted that each of the Non-Executive Directors has not hesitated to express his own viewpoints as well as seeking clarification from Management on issues he deems necessary. It is noted that each of them is able to exercise objective judgment on corporate matters independently, in particular from Management and 10% shareholders, notwithstanding that each of them has served more than nine years on the Board. After due consideration and careful assessment, the NC and the Board are of the view that Mr Gan Lai Chiang, Andy, Professor Tan Chin Tiong and Dr Cheah Way Mun remain independent pursuant to the definition of independence of the Code.

Board Information

The Board and Management firmly believe that an effective and robust Board engages in open and constructive debate and challenges Management on its assumptions and proposals. To facilitate this, the Board, in particular, the Non-Executive Directors, must be well-informed of the Group's business and affairs, and be knowledgeable about the industry in which the Group's businesses operate.

With that in mind, regular informal meetings are held throughout the financial year for members of the Board to keep Directors updated with prospective deals and potential developments, and before formal Board approval is sought.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3

During the financial year ended 30 June 2015, Dr Gan See Khem is the Executive Chairman and Managing Director of the Company. Dr Gan See Khem has also effectively carried out the duties and responsibilities of CEO of the Company, to coincide with her position as Managing Director of the Company. Dr Gan See Khem has executive responsibilities for the Group's business as well as responsibility for the working of the Board and ensures that procedures are introduced to comply with the Code. Dr Gan See Khem has played an instrumental role in developing the business of the Group and has also provided the Group with sound and strong leadership. Although the roles and responsibilities for Chairman and Managing Director are vested in Dr Gan See Khem, all major decisions are made in consultation with the Board, ARMC, NC and RC.

During the financial year ended 30 June 2015, Independent Non-Executive Directors represent more than half of the Board while the ARMC, NC and RC are entirely made up of Independent Non-Executive Directors. Therefore, the Board believes that there are adequate safeguards in place against having an uneven concentration of power and authority in a single individual.

Lead Independent Director

The Board appointed Mr Gan Lai Chiang, Andy as LID to lead and co-ordinate activities of the Independent Non-Executive Directors of HMI.

The LID is the principal liaison on Board issues between the Non-Executive Directors and the Executive Chairman and Executive Director. LID meets periodically with the Executive Chairman to provide feedback from the Non-Executive Directors. LID also aids the Non-Executive Directors to constructively challenge and help develop strategic proposals for the Group.

In situations where shareholders may have concerns or issues and such communication with the Executive Chairman and Managing Director or the Executive Director has failed to resolve, shareholders should feel free to approach any Director of the Company to raise their concerns or issues directly.

BOARD MEMBERSHIP

Principle 4

Nominating Committee

The NC meets regularly and as warranted to carry out the duties and responsibilities in accordance with the terms of reference. The primary duties of the NC are to make recommendations to the Board on all Board appointments, assess the effectiveness of the Board and the Board Committees as a whole, and the contribution and independence of individual Directors.

The NC comprises three members, all of whom are Independent Non-Executive Directors:

Professor Tan Chin Tiong	Chairman (Independent Non-Executive Director)
Mr Gan Lai Chiang, Andy	Member (Independent Non-Executive Director)
Dr Cheah Way Mun	Member (Independent Non-Executive Director)

The NC is guided by written terms of reference which clearly sets out its authority and duties. The key roles of the NC includes:

1) Review and make recommendations to the Board on all candidates nominated (whether by the Board or the shareholders) for appointment to the Board and on re-nomination of retiring Directors for re-election, taking into account the composition and progressive renewal of the Board and each Director’s competencies, commitments, contributions and performance;

2) Make recommendations to the Board on matters relating to Board succession plans, the development of a process for evaluating the performance of the Board, Board Committees and Directors and training programmes for the Board;

3) Decide on procedures for evaluating the performance of the Board and Board Committees and propose objective performance criteria;

4) Assess the effectiveness of the Board and Board Committees as a whole and contributions of each Director;

5) Decide, when a Director has multiple board representations, whether the Director is able to and has been adequately carrying out his or her duties as Director of the Company;

6) Review the independence of Non-Executive Directors pursuant to the Code.

Each member of the NC shall abstain from voting on and making any recommendations and/or participating in any deliberations of the NC in respect of any matter directly or indirectly he or she may be interested.

Directors' Time Commitments
The NC also considers whether Directors, who have multiple board representations, are able to and have been devoting sufficient time and attention to discharge their responsibilities adequately. The NC is satisfied that notwithstanding the multiple board representations, all Directors of the Company have discharged their duties adequately for the financial year ended 30 June 2015.

The Company does not face competing time commitment issue as all Board and Board Committee meetings are planned and agreed in advance by all Directors of the Company.

None of the Directors holds more than five directorships in public listed companies, the maximum number determined by the Company. The following is the list of present and past directorships held over the preceding three years in other public listed companies by each Director of the Company:

Name	Present chairmanships and directorships in other listed companies	Chairmanships and directorships held over the preceding three (3) years in other listed companies
Dr Gan See Khem	Health Management International Limited	–
Ms Chin Wei Jia	Health Management International Limited	–
Mr Gan Lai Chiang, Andy	Health Management International Limited Starburst Holdings Ltd	Mun Siong Engineering Limited
Dr Cheah Way Mun	Health Management International Limited	–
Professor Tan Chin Tiong	Health Management International Limited Imperium Crown Ltd MYP Ltd	Hersing Corporation Ltd

Process and Criteria Used for Appointment of New Directors
In appointing a new Director, the NC first considers the range of skills and experience required in the light of the:
1) Geographical spread and diversity of the Group's businesses;
2) Strategic direction and progress of the Group;
3) Current composition of the Board; and
4) Independence requirements.

After which, the NC will source for potential candidates, usually through recommendations from Directors and Management of the Company. However, external search from recruiting firms may also be sought.

Next, the NC will conduct interviews and assess the suitability of the candidates. The criteria used to select new appointments include the possession of expert knowledge that meets the needs of the Group, the ability to commit time and character, business experience and acumen. Where a Director has multiple board representations, the NC will evaluate whether he or she is able to adequately carry out his or her duties as Director of the Company. Final approval on the appointment of a candidate is determined by the Board of the Company.

During the financial year ended 30 June 2015, the Board appointed Ms Chin Wei Jia as an Executive Director of the Company, in place of Dr Chin Koy Nam on 28 October 2014. Dr Chin Koy Nam ceased to be an Executive Director of the Company by way of retirement pursuant to Section 153(1) of the Companies Act, Chapter 50 at the annual general meeting held on 28 October 2014. The NC has been satisfied with the qualification, experience and suitability of Ms Chin Wei Jia after taking into account her extensive experience and active involvement in the Group's businesses, in particular, being

Group General Manager of the Company and Chief Executive Officer of Regency Specialist Hospital in Malaysia. The appointment of Ms Chin Wei Jia has been approved by the Board as a whole.

The NC is also responsible for the nomination of retiring Directors for re-election at the Annual General Meeting ("AGM"). For this purpose, the NC reviews each Director's contributions and assess the performance of the Director for the relevant financial year. Each member of the NC shall abstain from voting on any resolutions in respect to his or her nomination for re-election.

Article 95 of the Company's Articles of Association requires one-third of the Directors for time being, other than the Managing Director, to retire and being eligible, to subject themselves for re-election by shareholders at every AGM. Article 96 of the Company's Articles of Association requires any Director appointed by the Directors of the Company to retire from office at the next AGM and being eligible, to subject himself or herself for re-election by shareholders of the Company.

The Directors standing for retiring and being eligible, for re-election at the forthcoming AGM are Mr Gan Lai Chang, Andy and Ms Chin Wei Jia. The NC has considered and recommended the nomination of both retiring Directors to the Board. Accordingly, the Board has accepted the recommendation of the NC and put forward the nomination of the retiring Directors, namely Mr Gan Lai Chang, Andy and Ms Chin Wei Jia, for re-election as Directors at the AGM of the Company.

Mr Gan Lai Chang, Andy will, upon re-election as a Director of the Company, remain as the Chairman of the ARMC and as a member of the NC and RC. There is no relationship (including immediate family relationships) between Mr Gan Lai Chang, Andy and the other Directors of the Company or the Company's 10% shareholders. Mr Gan Lai Chang, Andy has no direct or indirect interest in the Company.

BOARD PERFORMANCE

Principle 5

Evaluation Processes

The NC believes that evaluating the performance and effectiveness of the Board and Board Committees is essential for good corporate governance of the Company.

The NC has implemented formal processes for assessing the Board and Board Committees as a whole. Factors including but not limited to (1) structure and size of the Board and Board Committees, (2) the manner in which the Board and Board Committees meetings are conducted, (3) Board and Board Committees accountability, (4) degree of corporate strategy and planning, (5) risk management and internal controls review processes are taken into consideration to evaluate the Board's, Board Committees' performance.

The NC also has in place a formal process for assessment of the contributions by each Director and the effectiveness of the Board and Board Committees. The NC assesses each Director's performance and evaluates the Board's and Board Committees' performance and effectiveness as a whole annually using objective and appropriate quantitative and qualitative criteria, such as those factors above recommended by the NC. In reviewing the overall Board performance, the NC also took into consideration the Board's ability to monitor the Management's achievement of the strategic directions/ objectives set and approved by the Board.

Assessment parameters for Directors' performance include their level of participation at Board and Board committee meetings and the quality of their contributions to Board processes and the business strategies and performance of the Group.

Using results from the assessment exercise, the Board then takes the opportunity to explore areas of improvement so that necessary steps can be executed to improve the performance of the Board and Board Committees.

The evaluation of effectiveness and performance of the Board and Board Committee as a whole is carried out on self-evaluation basis by each member of the Board, while the performance of individual Director is evaluated by all Directors except for the Director subject to assessment. No external facilitator has been engaged by the Company for the purpose of performance and effectiveness evaluation for the financial year ended 30 June 2015.

ACCESS TO INFORMATION
Principle 6

Complete, Adequate and Timely Information

The Management recognises that the flow of accurate and timely information to the Board is fundamental to the Board's effective and efficient discharge of its duties.

Prior to each Board and Board Committee meeting, the Management provides the Board with information relevant to matters on the agenda for the Board and Board Committee meeting. The papers generally include sufficient information from Management on financial, business and corporate issues to support the Directors in making informed decisions on the matters and issues considered at the Board and Board Committee meetings. Management and staff who have prepared the papers, or who can provide additional insights into the matters to be discussed, are invited to attend the Board and Board Committee meetings. The Directors of the Company also receive information from the Management about the Group on a regular and timely manner. The Directors of the Company are also entitled to request from Management any additional information as may be needed to make informed decisions.

The Directors have the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the operations or undertakings of the Group in furtherance of their duties and responsibilities.

Company Secretary

The Directors of the Company have unrestricted access to the Company's records and information, and independent access to the Company's Management and the Company Secretary.

The appointment and the removal of Company Secretary is subject to the approval of the Board as a whole in accordance with the Articles of Association of the Company.

The Company Secretary or his representatives attend all Board and Board Committee meetings and is responsible for ensuring that Board procedures are observed and that the Memorandum and Articles of Association of the Company, the Companies Act, Chapter 50 and the Listing Manual of the SGX-ST, are complied with.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
Principle 7

LEVEL AND MIX OF REMUNERATION
Principle 8

DISCLOSURE ON REMUNERATION
Principle 9

Remuneration Committee

The RC meets regularly and as warranted to carry out the duties and responsibilities in accordance with the terms of reference. The RC generally recommends the general framework of remuneration for the Directors of the Company and Key Management Personnel of the Group and reviews the appropriateness, transparency and accountability to shareholders on the remuneration issues of the Directors and Management in the Company.

The RC comprises three members, all of whom are Independent Non-Executive Directors:

Professor Tan Chin Tiong	Chairman (Independent Non-Executive Director)
Mr Gan Lai Chiang, Andy	Member (Independent Non-Executive Director)
Dr Cheah Way Mun	Member (Independent Non-Executive Director)

The primary objective of the general remuneration framework is to provide remuneration packages in tandem with market rate, of which could attract, retain and motivate the Directors of the Company and the Key Management Personnel of the Group.

The RC is guided by written terms of reference which clearly sets out its authority and duties. The key roles of the RC includes:

1) Recommend to the Board a framework of remuneration for the Board members and Key Management Personnel of the Group;

2) Decide on the appropriate level of remuneration to attract, retain and motivate the Directors and Key Management Personnel;

3) Consider whether Directors should be eligible for benefits under any long-term incentive schemes; and

4) Review terms, conditions and remuneration of the Key Management Personnel of the Group.

The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, base or fixed salary, variable or performance related incomes or bonus, share options, share-based rewards and benefits-in-kind are reviewed by the RC.

Each member of the RC shall abstain from voting on and making any recommendations and/or participating in any deliberations of the RC in respect of his or her remuneration package.

The RC has full authority to engage any external professional advice relating remuneration matter as and when the need arises. The Company has not engaged any remuneration consultant in respect of the remuneration matters of the Company for the financial year ended 30 June 2015.

Directors' Remuneration

In structuring and reviewing the Directors' remuneration packages, the RC seeks to align interests of Directors with those of the shareholders and link rewards to corporate and individual performance as well as the roles and responsibilities of each Director.

The RC also ensures that the Independent Non-Executive Directors should not be overcompensated to the extent that their independence may be compromised.

The Directors' fees for the Non-Executive Directors of the Company consists of a basic fee and additional fees, where applicable, for their participation in Board Committees of the Company. The additional fees are set in accordance with remuneration framework by taking into account the effort, time spent and responsibilities of individual Non-Executive Director of the Company.

No individual Non-Executive Director is allowed to fix his or her remuneration. The payment of Directors' fees for Non-Executive Directors are submitted to shareholders for approval at each AGM.

The Board, having considered several factors, including the confidentiality and commercial sensitivity attached to the remuneration matters and in the interest of the Company, decides that the remuneration of each Director and former Director of the Company should be disclosed on a band-wide manner.

The total remuneration of the Directors and former Director of the Company received from the Group for the financial year ended 30 June 2015 in bands of SGD250,000 is set out below:

Directors	Base/Fixed salary	Variable or performance-related income/ bonuses	Share options/ share-based awards	Benefits in kind	Directors' fee	Total
SGD1,500,000 to SGD1,750,000						
Dr Gan See Khem	53%	11%	29%	4%	3%	100%
SGD750,000 to below SGD1,000,000						
Ms Chin Wei Jia[1]	39%	6%	53%	2%	0%	100%
SGD250,000 to below SGD500,000						
Dr Chin Koy Nam[2]	30%	6%	53%	4%	7%	100%
Below SGD250,000						
Dr Cheah Way Mun	0%	0%	0%	0%	100%	100%
Mr Gan Lai Chiang, Andy	0%	0%	0%	4%	96%	100%
Professor Tan Chin Tiong	0%	0%	0%	2%	98%	100%

Note:
(1) Ms Chin Wei Jia was appointed as an Executive Director of the Company with effect from 28 October 2014.
(2) Dr Chin Koy Nam ceased to be an Executive Director of the Company with effect from 28 October 2014.

Remuneration of Top Five Key Management Personnel
Having considered several factors, the Group is of the view that in order to maintain confidentiality of the remuneration matters and avoid staff poaching, the remuneration of top five Key Management Personnel will be disclosed on a band-wide manner, without further disclosing the full name of the Key Management Personnel and the detailed breakdown of their remuneration package. The remuneration paid to the top five Key Management Personnel of the Group (who are not Directors of the Company) for financial year ended 30 June 2015 is set out below:-

Remuneration Band	Number of Key Management Personnel
Band A: SGD250,000 to below SGD500,000	1
Band B: Below SGD250,000	4

The total remuneration paid to the top five Key Management Personnel of the Group (who are not Directors of the Company) for financial year ended 30 June 2015 is SGD839,450.

Remuneration of Employees related to Directors
As at 30 June 2015, the Company has two employees, Mr Chin Wei Yao and Ms Chin Wei Shan, who are related to Dr Gan See Khem, Executive Chairman and Managing Director of the Company, and Ms Chin Wei Jia, Executive Director of the Company. Mr Chin Wei Yao is the son of Dr Gan See Khem and brother of Ms Chin Wei Jia, while Ms Chin Wei Shan is the daughter of Dr Gan See Khem and sister of Ms Chin Wei Jia.

Mr Chin Wei Yao has been appointed as Director, Finance & Corporate Development of the Company and is responsible for the supervision of the Group's overall financial reporting matters and driving the development of the Group's hospital and other healthcare services business in Singapore and the region since April 2015. Ms Chin Wei Shan has been the Group Marketing Manager of the Company since 2009.

The remuneration packages for both Mr Chin Wei Yao and Ms Chin Wei Shan are consistent with the basis of determining the remuneration of the other unrelated employees.

The remuneration paid to both Mr Chin Wei Yao and Ms Chin Wei Shan for the financial year ended 30 June 2015 is set out below:

Names	Base/Fixed salary	Variable or performance-related income/bonuses	Benefits in kind	Total
SGD50,000 to below SGD100,000				
Chin Wei Yao	96%	0%	4%	100%
Chin Wei Shan	69%	17%	14%	100%

Other than the two employees disclosed above, none of the employees of the Company or its subsidiaries is an immediate family member of any Director of the Company and whose remuneration exceeded SGD50,000 during the financial year ended 30 June 2015.

Remuneration Mix

The Company's remuneration framework is made up of two key components, namely fixed pay and variable incentives. Fixed pay comprises a base salary and annual wage supplement. The variable incentives can be further broken down into short-term incentives and long-term incentives.

The short-term incentive takes the form of an annual variable bonus. The RC reviews and approves annual variable bonus to Executive Directors of the Company and Key Management Personnel of the Group, based on individual performance and contributions of employees towards the Company and the Group.

Two share-based incentive schemes are also in place to reward, motivate and retain Key Management Personnel, namely the HMI Employee Share Option Scheme and the HMI Performance Share Plan. Key information regarding the HMI Employee Share Option Scheme and the HMI Performance Share Plan is set out on pages 43 and 44 of the Annual Report.

Even though there are no contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors or Key Management Personnel in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Group, the Company and/or its subsidiaries will not hesitate to take legal actions against the personnel responsible.

ACCOUNTABILITY

Principle 10

The Board is accountable to shareholders and the Management is accountable to the Board for the Group's financial and operational position. The Company recognises that timely and effective communication will enhance transparency and accountability to its shareholders.

The Board is committed to providing shareholders with a balanced and comprehensive assessment of the Group's financial performance, position, and prospects, including quarterly financial statements reporting and other price-sensitive reports, and reports as required by regulatory bodies. The Company communicates the Group's material price sensitive information announcements to its shareholders via SGXNET and via the Company's corporate website. Material price-sensitive information is publicly released on a timely manner as required under the Listing Manual of the SGX-ST.

The Board has taken steps in compliance with rules and regulations as well as listing rules introduced by SGX-ST. The Board has made reference to Rule 705(5) of the Listing Manual of the SGX-ST and adopted a written policy by providing negative assurance statement in respect of the quarterly financial statements and half-year financial statements to the shareholders of the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11

The Board acknowledges their full responsibility of the overall internal controls system and risk management established by the Group. However, they also recognise that no internal controls system and risk management system will preclude all material errors and irregularities as the Group's internal controls system and risk management system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The system provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The ARMC has facilitated the Board in discharging the function of reviewing the Group's risk management policy and strategy. By identifying areas of significant business risks, including revenue loss, property loss and breach of information security, the Management, under the guidance of ARMC, implements appropriate measures to control and mitigate these risks. In determining the appropriate measures, the cost of control and risk management, and the impact of risks occurring will be assessed against the benefits of reducing the risks.

The ARMC has met with the key management, internal and external auditors to review the internal and external auditors' audit plans and the adequacy of risk management mechanisms implemented within the Group. As part of the annual statutory audit on financial statements, the internal and external auditors also report to the ARMC and the appropriate level of Management on any material weaknesses in financial internal controls over the areas which are significant.

The Board has received assurance from the Managing Director, the Director, Finance & Corporate Development, CEOs and Chief Financial Officers of the hospitals, that the financial records have been properly maintained and the financial statements provide a true and fair view of the Group's operations and finances; and the Group's risk management and internal control systems are operating effectively for the financial year ended 30 June 2015.

The Board, together with the ARMC, reviews the effectiveness and adequacy of the Group's internal controls, including financial, operational, compliance and information technology controls and risks management of the Group on annual basis. The review is based on the internal controls established and maintained by the Group, reports submitted by the external auditors and the internal auditors and regular reviews performed by Management. The Board, with the concurrence of the ARMC, is of the opinion that, at the Company and Group level, there were adequate and effective risk management and internal control systems, covering financial, operational, compliance and information technology controls as at 30 June 2015.

AUDIT COMMITTEE

Principle 12

The ARMC is guided by written terms of reference which clearly sets out its authority and duties. The ARMC meets regularly and as warranted to carry out its duties and responsibilities.

The ARMC comprises three members, all of whom are Independent Non-Executive Directors:

Mr Gan Lai Chiang, Andy	Chairman (Independent Non-Executive Director)
Professor Tan Chin Tiong	Member (Independent Non-Executive Director)
Dr Cheah Way Mun	Member (Independent Non-Executive Director)

None of the members nor the Chairman of the ARMC is a partner or director of the Group's audit firms or former partner or former director of the Group's audit firms. None of them has any financial interest in the Group's audit firms.

The Board is of the view that at least two members of the ARMC have relevant accounting or related financial management expertise and experience to discharge their functions within the terms of reference.

Duties of the ARMC

The primary duties of the ARMC are to assist the Board to discharge the responsibility for reviewing the Group's financial reporting, budgeting and auditing processes, monitoring the changes in the Group's accounting policies, reviewing the Group's internal controls including financial, operational, compliance and information technology controls and risk management system and assessing the accounting implications of major transactions of the Group.

During the financial year ended 30 June 2015, the ARMC discharged the following delegated functions in accordance with the terms of reference adopted by the ARMC:

1) Reviewed the adequacy and the effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls and risk management system after the reporting from the internal auditors and external auditors;

2) Reviewed the consolidated financial statements of the Group with external auditors before submission to the Board for adoption;

3) Reviewed interested person transactions as defined in Chapter 9 of the Listing Manual of the SGX-ST to ensure that they are on normal commercial terms and not prejudicial to the interest of the Company and its minority shareholders;

4) Reviewed the scope of work of the external auditors and the results arising therefrom;

5) Reviewed the independence and objectivity of the external auditors, their re-appointment, and their audit fee;

6) Reviewed the audit plans of the external auditors and any recommendations on internal controls arising from the statutory audit;

7) Reviewed the appointment of the internal auditors, the scope of internal audit and the internal audit fees;

8) Reviewed the internal control weaknesses and the recommendations arising from the internal audit;

9) Reviewed the adequacy and effectiveness of the internal audit function of the Group;

10) Reviewed the quarterly, half year and full year financial statements and reports that are submitted to the Board for approval;

11) Reviewed fraud, irregularity or infringement of any laws of the countries that the Group operates in, rule and regulations the ARMC is aware of, which has or is likely to have a material impact on the Group's operation and financial position, and the findings of any internal investigations, and Management's response thereto; and

12) Considered other matters as requested by the Board.

Each member of the ARMC shall abstain from voting on and making any recommendations and/or participating in any deliberations of the ARMC in respect of any matter directly or indirectly he or she may be interested.

The ARMC meets periodically with internal auditors, external auditors and the Management to review accounting policies, audit processes, financial statements and such other related matters so as to ensure that the ARMC is comfortable with the Group's control environment.

The ARMC met the internal auditors and the external auditors, in each case, without the presence of the Management, at least once during the financial year ended 30 June 2015.

The ARMC has reviewed the independence and objectivity of the external auditors of the Company, Messrs PricewaterhouseCoopers LLP, an audit firm registered with the Accounting & Corporate Regulatory Authority through discussions as well as the review of the volume and nature of non-audit services, if any, provided by the external auditors during the financial year ended 30 June 2015.

Based on the information available to the ARMC, the ARMC assessed Messrs PricewaterhouseCoopers LLP, based on factors such as performance, adequacy of resources and experience of their audit engagement partners and audit team assigned to the Group's audit, as well as the size and complexity of the Group. The ARMC is satisfied that the financial, professional and business relationships between the Group and the external auditors do not prejudice their independence and objectivity. Accordingly, the ARMC is satisfied that Rule 712 and Rule 715 of the Listing Manual of the SGX-ST have been complied with and has recommended to the Board the re-appointment of Messrs PricewaterhouseCoopers LLP as the external auditors at the forthcoming AGM.

The ARMC has undertaken a review of the non-audit services provided by Messrs PricewaterhouseCoopers LLP, the external auditors for the financial year ended 30 June 2015 and is satisfied that such services have not significantly and will not, in the ARMC's opinion, affect the independence of the external auditors. The amount of audit and non-audit fees paid or payable to the external auditors, Messrs PricewaterhouseCoopers LLP and other auditors in respect of the financial year ended 30 June 2015 are as set out in page 66 of this Annual Report.

The ARMC is kept abreast with regular updates on the changes to accounting standards, rules and regulations to ensure that they are well-informed and competent in carrying out their roles and responsibilities.

In accordance with the principles and best practices as set out in the Code, the ARMC has:

1) Full access to and co-operation from the Management as well as full discretion to invite any Director or Key Management Personnel to attend meetings; and

2) Been given reasonable resources to enable it to discharge its function properly.

Whistle-Blowing Policy

The Company has established a whistle-blowing policy within the Group to encourage the reporting in good faith of suspected improprieties or misconducts. The policy stipulates clearly defined processes through which the reports may be made by the employees of the Group, with the assurance that any employee making such a report will be treated fairly and, to the extent possible, protected from reprisal. To the best knowledge of the Board and the ARMC, there were no whistle-blowing reports received through the Group's whistle-blowing mechanism during financial year ended 30 June 2015.

INTERNAL AUDIT

Principle 13

During the financial year ended 30 June 2015, the Company outsourced its internal audit function to a reputable audit firm, Messrs Ernst & Young Malaysia LLP, after obtaining the approval of the ARMC. The objective of outsourced internal audit function is to assist the ARMC and the Directors of the Company to evaluate the adequacy and effectiveness of the Group's internal controls including financial, operational, compliance and information technology controls and risk management system annually by performing independent reviews on the Group's internal processes and procedures over the Group's operations.

The internal auditor, Messrs Ernst & Young Malaysia LLP, consists of experienced personnel with relevant qualification and experience, have unfettered access to all the Group's documents, records, properties and personnel during the course of internal audit.

The significant internal control weaknesses identified during the course of internal audit together with the recommendations thereof are reported to the ARMC on a timely basis. The follow up review on the implementation of recommendations are also monitored closely by both the Management and the internal auditor of the Group on a regular basis.

The ARMC will approve the hiring, the removal, the evaluation and the compensation of internal audit function, in addition to the annual review of the adequacy and effectiveness of the internal audit function of the Group.

SHAREHOLDER RIGHTS
Principle 14

The Company is committed to treat all shareholders fairly and equitably by recognising and facilitating the exercise of shareholders' rights, and continually updating the shareholders of the Company on the Group's affairs. The Company strives to facilitate the exercise of ownership rights by all shareholders and to keep them sufficiently informed of changes in the Group and/or its businesses which are likely to materially affect the price or value of the Company's shares.

The Company also ensures that its shareholders have the opportunity to participate effectively in and vote at the general meetings by providing essential information on the rules, including but not limited to voting procedures that govern general meetings.

COMMUNICATION WITH SHAREHOLDERS
Principle 15

Proactive Engagement with Shareholders
The Company is committed to engaging and strengthening stakeholder relationships through its investor relations team by engaging timely communication with its shareholders, investors, analysts, fund managers, bankers, stakeholders, the media and the public.

Disclosure of Material Price-Sensitive Information on a Timely Basis
The Company adopts the practice of disclosing material price-sensitive information in a timely, fair and transparent manner to its shareholders. All material price-sensitive information is primarily disclosed in a comprehensive, accurate and timely basis to SGX-ST via SGXNET. The release of such information is pivotal to good corporate governance and enables shareholders to make informed decisions with respect to their investments in the Company.

Furthermore, the Company communicates to all stakeholders through various methods:

1) Annual reports are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual reports includes all essential information about the Group, future developments and other disclosures required by the Companies Act, Chapter 50 and Singapore Financial Reporting Standards;

2) Quarterly, half year and full year financial statements containing a summary of financial information and affairs of the Group for the financial period under review;

3) Notices of the explanatory memoranda for AGMs and Extraordinary General Meetings ("EGMs");

4) Disclosures to the SGX-ST;

5) Corporate website at http://hmi.com.sg which shareholders can access information on the Group; and

6) Presentation slides containing the material financial results and developments of the Group.

The notice of each AGM or EGM is despatched to the shareholders of the Company within requisite period together with explanatory notes or additional information relating to resolutions. The notice of each AGM or EGM is also advertised in a major newspaper and made available on SGXNET.

Steps taken to solicit and understand the views of shareholders
During the financial year ended 30 June 2015, the Company engaged in proactive and timely communication with its shareholders, investors, analysts, fund managers, bankers, stakeholders, the media and the public by addressing their queries in email or phone as well as soliciting and understanding their views or concerns on the Group, other than at the AGMs or EGMs.

Corporate Website
The corporate website, which is available at http://hmi.com.sg, prominently features the latest and the past financial results and related information of the Group. The contact details of the investor relations team are available on the corporate website to enable the shareholders of the Company to contact the Company easily.

The corporate website provides, *inter alia*, announcements, annual reports, presentation slides, and information about the Group. To ensure fair and equal dissemination to the shareholders of the Company, the Group's financial statements are also posted on the corporate website following the release to the SGX-ST via SGXNET.

Dividend Policy
The Company does not have a fixed dividend policy. The frequency and amount of dividends that the Directors of the Company may recommend or declare in respect of any particular financial year or period will depend on the Group's level of earnings, financial results of operations, capital expenditure requirements, investment plans, cash flow, general financial and general business conditions and such other factors as the Directors of the Company may deem appropriate.

The Board does not recommend any payment of dividends for the financial year ended 30 June 2015 as the Company has not recorded sufficient accumulated profits to declare dividends.

CONDUCT OF SHAREHOLDER MEETINGS
Principle 16

The Company is in full support of Principle 16 to encourage shareholders' participation at the general meetings of the Company. The shareholders are encouraged to attend the AGM or EGM to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The AGM or EGM is the principal forum for dialogue with the shareholders of the Company.

The Articles of Association of the Company allows a shareholder, including nominee or custodial corporations, entitled to attend and vote at the AGM or EGM to appoint not more than two proxies to attend and vote in his or her stead. The Company also accept absentia voting method, pursuant to which the proxies are allowed to vote in his or her discretion or in accordance with shareholders' instructions at the AGM or EGM of the Company.

The Chairmen of ARMC, RC and NC are present at the AGM or EGM to answer questions relating to the Board Committees. The external auditors of the Company will also be present to assist the Directors of the Company in addressing shareholders' queries on the conduct of the audit and the preparation and content of their auditors' report.

To facilitate an informative session, the shareholders of the Company are also invited to raise issues either formally or informally before or at the AGM or EGM. At the AGM or EGM, each substantial distinct issues are tabled as separate resolutions for approval by shareholders of the Company.

The Company has established the system of voting in accordance with the Articles of Association of the Company at the general meetings, of which each resolution put forth is voted by a show of hands or by way of poll by the shareholders of the Company. The results of each resolution is presented at the general meetings and announced subsequently to SGX-ST via SGXNET.

The minutes of general meetings of the Company will be made available to the shareholders of the Company upon request.

ADDITIONAL INFORMATION

Dealing in Securities

The Group has adopted internal codes pursuant to Rule 1207(19)(c) of the SGX-ST Listing Manual that applicable to the Company and its officers in relation to the dealing in the Company's securities. The Company and its officers are prohibited to deal in the Company's securities on short term considerations and during the period commencing two weeks before the announcement of the Group's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. The prohibition ends on the release of the announcement of the Company's financial statements.

The Company and its officers are also prohibited to deal in the Company's securities whenever they are in possession of unpublished, price-sensitive information that is not generally available to the public.

Interested Person Transactions

The Company does not have interested person transactions general mandate from shareholders of the Company. However, the Group has adopted internal policies, involving review and approval procedures for any interested person transactions entered into by the Group.

For the financial year ended 30 June 2015, there was no interested person transactions entered into by the Company or its subsidiaries with any of its interested persons, that when aggregated, exceeded SGD100,000.

Material Contracts

Save for those material contracts disclosed by the Company to SGX-ST via SGXNET, there were no other material contracts entered into by the Company or any of its subsidiaries of the Group with parties in which a Director or controlling shareholder has interests in during the financial year ended 30 June 2015.

FINANCIAL CONTENTS

The directors present their report to the shareholders together with the audited financial statements of the Group for the financial year ended 30 June 2015 and the audited balance sheet of the Company as at 30 June 2015.

Directors

The directors of the Company in office at the date of this report are as follows:

Dr Gan See Khem
Dr Cheah Way Mun
Professor Tan Chin Tiong
Mr Gan Lai Chiang, Andy
Ms Chin Wei Jia (Appointed on 28 October 2014)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options and share awards" in this report.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares, options or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		**Holdings in which a director is deemed to have an interest**	
Company	**At 30.6.2015**	**At 1.7.2014 or date of appointment, if later**	**At 30.6.2015**	**At 1.7.2014 or date of appointment, if later**
Immediate and ultimate holding company				
Nam See Investments (Pte) Ltd				
– Ordinary Shares				
Dr Gan See Khem	2,785,575	2,785,575	3,214,425	3,214,425
Ms Chin Wei Jia	1,000,000	1,000,000	–	–
Health Management International Ltd				
– Ordinary Shares				
Dr Gan See Khem	5,164,600	5,164,600	289,733,195	288,733,195
Dr Cheah Way Mun	16,163,602	16,063,602	–	–
Professor Tan Chin Tiong	2,285,627	2,285,627	–	–
Ms Chin Wei Jia	4,742,400	4,742,400	–	–
– Share Options				
Dr Gan See Khem	1,512,000	–	2,268,000	–
Ms Chin Wei Jia	1,512,000	–	–	–
– Share Awards				
Dr Gan See Khem	3,528,000	–	5,292,000	–
Ms Chin Wei Jia	3,528,000	–	–	–

Directors' interests in shares or debentures (continued)

The directors' interests in the ordinary shares and convertible securities of the Company as at 21 July 2015 were the same as those as at 30 June 2015.

Share options and share awards

On 23 October 2008, the shareholders of the Company approved the adoption of HMI Employee Share Option Scheme ("HMI ESOS") and HMI Performance Share Plan ("HMI PSP") to grant equity-based incentives to all its eligible employees. The maximum aggregate number of shares on which options may be granted under the HMI ESOS and awards may be granted under the HMI PSP is 15% of the total issued equity shares excluding treasury share of the Company. In the event of a bonus issue, rights issue or a capital reconstruction, the number of options and awards and the exercise price would be adjusted in accordance with the formula stipulated in the HMI ESOS and the HMI PSP.

HMI Employee Share Option Scheme

On 14 November 2014, the Company granted certain Key Management Personnel options to subscribe for 3,780,000 ordinary shares of the Company at an exercise price of S$0.28 per share under the HMI ESOS.

The exercise price of the options is determined as the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant. The vesting of the options is conditional on the Key Management Personnel completing one year of service to the Group from the date of the grant. Once they have vested, the options are exercisable immediately and will expire after a period of ten years from date of grant. These options are exercisable from 14 November 2015 and expire on 13 November 2024.

The fair value of the options granted was estimated to be S$386,000 (approximately RM 1,081,000), using the Black-Scholes Option Pricing model.

The details of the options granted are as follows:

	Number of unissued ordinary shares of the Company under HMI ESOS			
Name	**Granted in financial year ended 30 June 2015**	**Aggregate granted since commencement of scheme to 30 June 2015**	**Aggregate exercised since commencement of scheme**	**Aggregate outstanding as at 30 June 2015**
Directors				
Dr Gan See Khem	1,512,000	1,512,000	–	1,512,000
Ms Chin Wei Jia	1,512,000	1,512,000	–	1,512,000
Key Management Personnel				
Dr Chin Koy Nam	756,000	756,000	–	756,000
	3,780,000	**3,780,000**	**–**	**3,780,000**

Share options and share awards (continued)

HMI Performance Share Plan

On 14 November 2014, the Company granted certain Key Management Personnel 8,820,000 awards, comprising of 8,820,000 shares under the HMI PSP. The actual number of shares to be released could be zero or a maximum of 8,820,000, at nil exercise price, depending on the achievement of pre-determined performance targets. As at 30 June 2015, no awards were vested.

The fair value of the awards granted was estimated to be S$2,470,000 (approximately RM 6,920,000) using the Black-Scholes Option Pricing model.

The details of the awards granted are as follows:

	Number of unissued ordinary shares of the Company under HMI PSP			
Name	**Granted in financial year ended 30 June 2015**	**Aggregate granted since commencement of scheme to 30 June 2015**	**Aggregate released since commencement of scheme**	**Aggregate not released as at 30 June 2015**
Directors				
Dr Gan See Khem	3,528,000	3,528,000	–	3,528,000
Ms Chin Wei Jia	3,528,000	3,528,000	–	3,528,000
Key Management Personnel				
Dr Chin Koy Nam	1,764,000	1,764,000	–	1,764,000
	8,820,000	**8,820,000**	**–**	**8,820,000**

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest, except as disclosed in the accompanying financial statements.

Audit and Risk Management Committee

The members of the Audit and Risk Management Committee at the end of the financial year were as follows:

Mr Gan Lai Chiang, Andy (Chairman)
Professor Tan Chin Tiong
Dr Cheah Way Mun

All members of the Audit and Risk Management Committee are non-executive directors and are independent.

The Audit and Risk Management Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Audit and Risk Management Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan and the reports of the Company's independent auditor, and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2015 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the balance sheet of the Company and the consolidated financial statements of the Group.

The Audit and Risk Management Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

DR GAN SEE KHEM
Director

GAN LAI CHIANG, ANDY
Director

25 September 2015

STATEMENT BY DIRECTORS
For the Financial Year Ended 30 June 2015

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 48 to 105 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2015 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

DR GAN SEE KHEM
Director

GAN LAI CHIANG, ANDY
Director

25 September 2015

INDEPENDENT AUDITOR'S REPORT

To The Shareholders Of Health Management International Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Health Management International Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 48 to 105, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 25 September 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Financial Year Ended 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000
Revenue	4	**345,224**	292,912
Cost of services	7	**(242,166)**	(207,078)
Gross profit		**103,058**	85,834
Other income	4	**4,916**	5,308
Other losses	5	**(3,807)**	(1,623)
Expenses			
– Distribution and marketing	7	**(2,458)**	(2,698)
– Administrative	7	**(46,726)**	(41,966)
– Finance	6	**(3,354)**	(3,562)
Share of profit of associated corporations	14	**3,134**	4,906
Profit before income tax		**54,763**	46,199
Income tax expense	8	**(1,406)**	(10,157)
Profit after tax		**53,357**	36,042
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Gains		**3,260**	1,089
Total comprehensive income		**56,617**	37,131
Profit attributable to:			
Equity holders of the Company		**27,643**	16,027
Non-controlling interests		**25,714**	20,015
		53,357	36,042
Total comprehensive income attributable to:			
Equity holders of the Company		**30,897**	17,113
Non-controlling interests		**25,720**	20,018
		56,617	37,131
Earnings per share for profit attributable to equity holders of the Company (expressed in RM cents per share)	9		
– Basic		**4.79**	2.78
– Diluted		**4.69**	2.78

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS
As at 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**39,076**	25,977	**2,223**	692
Trade and other receivables	11	**87,842**	71,185	**45,792**	47,406
Tax recoverable	8	**21**	–	**–**	–
Inventories	12	**12,810**	5,311	**–**	–
Other current assets	13	**3,996**	4,534	**230**	39
		143,745	107,007	**48,245**	48,137
Non-current assets					
Trade and other receivables	11	**107**	92	**107**	92
Other non-current assets	13	**409**	–	**104**	–
Investments in associated corporations	14	**37,990**	37,486	**13,814**	12,685
Investments in subsidiaries	15	**–**	–	**56,418**	55,248
Property, plant and equipment	16	**180,475**	142,569	**743**	635
Deferred income tax assets	21	**9,040**	2	**–**	–
		228,021	180,149	**71,186**	68,660
Total assets		**371,766**	287,156	**119,431**	116,797
LIABILITIES					
Current liabilities					
Trade and other payables	17	**66,209**	56,413	**3,407**	6,070
Current income tax liabilities	8	**1,033**	1,749	**–**	–
Borrowings	18	**28,885**	33,765	**16,053**	11,649
Deferred income	20	**1,236**	1,091	**–**	–
		97,363	93,018	**19,460**	17,719
Non-current liabilities					
Trade and other payables	17	**52,847**	19,247	**–**	–
Borrowings	18	**11,691**	21,613	**182**	2,775
Deferred income tax liabilities	21	**4,736**	1,085	**–**	–
		69,274	41,945	**182**	2,775
Total liabilities		**166,637**	134,963	**19,642**	20,494
NET ASSETS		**205,129**	152,193	**99,789**	96,303
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	22	**90,564**	90,564	**90,564**	90,564
Treasury shares	22	**(47)**	(47)	**(47)**	(47)
Currency translation reserve	23(b)	**9,114**	5,860	**16,296**	8,180
Other reserves	23(c)	**3,094**	68	**3,042**	16
Retained earnings/(accumulated losses)	23(a)	**41,654**	14,011	**(10,066)**	(2,410)
		144,379	110,456	**99,789**	96,303
Non-controlling interests		**60,750**	41,737	**–**	–
TOTAL EQUITY		**205,129**	152,193	**99,789**	96,303

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2015

	Note	← Attributable to equity holders of the Company					→		
		Share capital RM'000	Treasury shares RM'000	Currency translation reserve RM'000	Other reserves RM'000	Retained earnings/ (accumulated losses) RM'000	Total RM'000	Non-controlling Interests RM'000	Total equity RM'000
2015									
Beginning of financial year		90,564	(47)	5,860	68	14,011	110,456	41,737	152,193
Profit after tax		–	–	–	–	27,643	27,643	25,714	53,257
Other comprehensive income		–	–	3,254	–	–	3,254	6	3,260
Total comprehensive income		–	–	3,254	–	27,643	30,897	25,720	56,617
Dividend paid to non-controlling interests by subsidiaries		–	–	–	–	–	–	(6,707)	(6,707)
Share-based payment	23(c)	–	–	–	3,026	–	3,026	–	3,026
End of financial year		**90,564**	**(47)**	**9,114**	**3,094**	**41,654**	**144,379**	**60,750**	**205,129**
2014									
Beginning of financial year		90,564	(47)	4,774	68	(2,016)	93,343	39,056	132,399
Profit after tax		–	–	–	–	16,027	16,027	20,015	36,042
Other comprehensive income		–	–	1,086	–	–	1,086	3	1,089
Total comprehensive income		–	–	1,086	–	16,027	17,113	20,018	37,131
Capital injection in a subsidiary		–	–	–	–	–	–	1,080	1,080
Dividend paid to non-controlling interests by a subsidiary*		–	–	–	–	–	–	(18,417)	(18,417)
End of financial year		**90,564**	**(47)**	**5,860**	**68**	**14,011**	**110,456**	**41,737**	**152,193**

An analysis of the movements in each category within “Currency translation reserve” and “Other reserves” are presented in Note 23(b) and 23(c) respectively.

* In 2014, out of the dividend declared to non-controlling interests by a subsidiary of RM 18,417,000, RM 4,813,000 was settled in cash, RM 5,309,000 was unpaid as at 30 June 2014 and included within “Trade and other payables” in Note 17 to the Financial Statements, and RM 8,295,000 was offset against amount due from associated corporations – non-trade (Note 11).

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Financial Year Ended 30 June 2015

	Note	2015 RM'000	2014 RM'000
Cash flows from operating activities			
Profit after tax		**53,357**	36,042
Adjustments for:			
– Income tax		**1,406**	10,157
– Share-based payment expense		**3,026**	–
– Reversal of allowance for impairment of trade receivables		**(956)**	(96)
– Allowance for impairment of trade and other receivables		**2,447**	3,265
– Trade and other receivables written off		**477**	–
– Depreciation of property, plant and equipment		**16,239**	14,025
– Loss/(gain) on disposal and write-off of property, plant and equipment		**76**	(8)
– Interest income		**(1,690)**	(2,498)
– Interest expense		**3,354**	3,562
– Share of profit of associated corporations		**(3,134)**	(4,906)
– Currency translation differences		**1,073**	650
Operating cash flow before working capital changes		**75,675**	60,193
Change in operating assets and liabilities			
– Inventories		**(7,499)**	220
– Trade and other receivables		**(17,509)**	(12,396)
– Other current and non-current assets		**184**	1,335
– Trade and other payables		**7,958**	7,030
– Deferred income		**45**	269
Cash provided by operations		**58,854**	56,651
Interest paid		**(3,354)**	(3,562)
Income tax paid		**(7,530)**	(7,923)
Net cash provided by operating activities		**47,970**	45,166
Cash flows from investing activities			
Repayment of loans from an associated corporation		**1,282**	–
Additions to property, plant and equipment		**(10,682)**	(12,497)
Proceeds from disposal of property, plant and equipment		**256**	458
Capital injection in an associated corporation	14	**–**	(123)
Interest received		**1,690**	2,498
Net cash used in investing activities		**(7,454)**	(9,664)
Cash flows from financing activities			
Drawdown of loan from holding company		**529**	2,573
Repayment of borrowings		**(11,264)**	(6,699)
Repayment of lease liabilities		**(6,501)**	(7,452)
Dividends paid to non-controlling interests by a subsidiary		**(6,707)**	(7,365)
Capital injection in a subsidiary from non-controlling interests		**–**	1,080
Net cash used in financing activities		**(23,943)**	(17,863)
Net increase in cash and cash equivalents		**16,573**	17,639
Cash and cash equivalents at beginning of financial year		**22,017**	4,309
Effects of currency translation on cash and cash equivalents		**245**	69
Cash and cash equivalents at end of financial year	10	**38,835**	22,017

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Health Management International Ltd (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 7 Temasek Boulevard #12-10, Suntec Tower One, Singapore 038987.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of its subsidiaries are stated in Note 31 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2015

On 1 July 2014, the Group adopted the following new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except as highlighted below.

FRS 108 Operating Segments

The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

This amendment did not result in any changes to the Group's accounting policies and the Group has incorporated the additional disclosures into the financial statements.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2015 (continued)

FRS 110 Consolidated Financial Statements

FRS 110 was issued in May 2011 and replaces all the guidance on control and consolidation in FRS 27 *Consolidated and Separate Financial Statements* and INT FRS 12 *Consolidation – Special Purpose Entities*. Under FRS 110, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

FRS 112 Disclosures of Interests in Other Entities

The Group has adopted this new FRS on 1 July 2014 which is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) *Separate Financial Statements* and FRS 28 (revised 2011) *Investments in Associates and Joint Ventures*.

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 from 1 July 2014. The Group has incorporated the additional required disclosures into the financial statements.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Rendering of services

Revenue from hospital and other healthcare services is recognised in the period in which the services are rendered.

Revenue from healthcare education and training is recognised on a straight-line basis over the duration of the relevant course. Revenue received in advance is deferred and recognised in the balance sheet as deferred income.

(b) Interest income

Interest income is recognised using the effective interest method.

The accompanying notes form an integral part of these financial statements.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(c) Car park income

Car park income is recognised on a straight-line time proportion basis.

(d) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisition

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisition (continued)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (b) the fair values of the identifiable assets acquired net of the fair values of the liabilities and any contingent liabilities assumed, is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associated corporations" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated corporations

Associated corporations are entities over which the Group has significant influence, but not control, and generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated corporations are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated corporations are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) Associated corporations (continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated corporations' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated corporations are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated corporation equals to or exceeds its interest in the associated corporation, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated corporations. If the associated corporation subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains/losses on transactions between the Group and its associated corporations are eliminated against the asset transferred to the extent of the Group's interest in the associated corporations. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated corporations are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated corporations are derecognised when the Group loses significant influence. If the retained equity interest in the former associated corporation is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated corporations in which significant influence is retained are recognised in profit or loss.

Please refer to the paragraph "Investment in subsidiaries and associated corporations" for the accounting policy on investments in associated corporations in the separate financial statements of the Company.

2.4 Property, plant and equipment

(a) Measurement

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	Over the lease term of 99 years commencing from 2002
Leasehold buildings	50 years
Electrical equipment	10 years
Medical equipment	8 - 10 years
Motor vehicles	5 - 10 years
Furniture, office equipment and housekeeping equipment	3 - 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other losses".

2.5 Investments in subsidiaries and associated corporations Loan to an associated corporation

Investments in subsidiaries and associated corporations, including loans and receivables from subsidiaries or associated corporations that form part of the net investment in the subsidiary or associated corporation are carried at cost less accumulated impairment losses in the Company and Group's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. Significant accounting policies (continued)

2.6 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiaries and associated corporations

Property, plant and equipment and investments in subsidiaries and associated corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.7 Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "other current and non-current assets" (Note 13), "trade and other receivables" (Note 11) and "cash and cash equivalents" (Note 10) on the balance sheet.

Financial assets are initially recognised at fair value plus transaction costs.

Loans and receivables are derecognised when the rights to receive cash flows from the customers have expired or have been received and the Group has substantially transferred all risks and rewards of ownership.

Receivables that form part of the net investment in subsidiaries or associated corporations are carried at cost less accumulated impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that loans and receivables are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

Loans and receivables (continued)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.10 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.11 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

2. Significant accounting policies (continued)

2.12 Leases

The Group leases medical equipment and motor vehicles under finance leases. Land and buildings and office premises are leased under operating leases.

(a) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair values of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.13 Inventories

Inventories, including pharmaceutical and surgical medicine, medical supplies and medical suites held for sale, are carried at lower of cost and net realisable value. Cost is determined using the weighted average basis or specific identification basis, and includes all costs in bringing the inventories to their present location and condition. In the case of medical suites held for sale, cost is determined based on acquisition costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Income taxes

Current income tax for current and prior periods is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associated corporations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

2. Significant accounting policies (continued)

2.14 Income taxes (continued)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date; and

(ii) based on the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax are recognised as income or expenses in profit or loss.

2.15 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) Share-based compensation

The Group operates equity-settled, share-based compensation plans. The value of the employee services received in exchange for the grant of options and awards for shares is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options and awards for shares granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options and awards for shares that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

2. Significant accounting policies (continued)

2.16 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is the Singapore Dollar. The presentation currency of the Company and the Group is the Malaysian Ringgit as it provides a better understanding of the Group's operations, which are predominantly based in Malaysia.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

In preparation of the consolidated financial statements of the Group, exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation shall be recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity, such exchange differences shall be recognised initially in a separate component of equity and recognised in profit or loss on disposal of the net investment.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.17 Provisions

Provision for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2. Significant accounting policies (continued)

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.19 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand which are subject to an insignificant risk of change in value and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.20 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.21 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the carrying amounts are netted off against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.22 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

(a) Current and deferred income taxes

The Group is subject to income taxes in different jurisdictions. In determining the income tax liabilities, management continues to take positions in tax returns based on well-ground positions taken in good faith. Judgements concerning positions taken may change as developments in case law, new rulings or regulations by the tax authorities become available.

Deferred tax assets are recognised for unutilised tax losses, unabsorbed capital allowances and unutilised tax credits to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and tax credits can be utilised. This involves judgement regarding the future financial performance of the Group and the extent to which deferred tax asset can be recognised.

Where the final outcome is different from the amounts that were initially recorded in the financial statements, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

(b) Recoverability of amounts due from associated corporations

At the balance sheet date, the amount due from associated corporations after allowance for impairment is RM 38,616,000 (2014: RM 40,607,000). The Group has made a judgement that there is no further recoverability issue relating to the remaining net amount due from associated corporations recorded on the balance sheet after taking into consideration the market value of the land and building owned by the associated corporations and revenue from rental of the land and building.

4. Revenue and other income

	Group	
	2015	**2014**
	RM'000	**RM'000**
Revenue		
Revenue from hospital and other healthcare services	**336,756**	285,696
Healthcare education and training	**8,468**	7,216
Total revenue	**345,224**	292,912
Other income		
Car park income	**632**	675
Rental income	**440**	279
Grant income	**525**	174
Interest income		
– bank deposits	**732**	330
– loans to associated corporations	**958**	2,168
	1,690	2,498
Others	**1,629**	1,682
Total other income	**4,916**	5,308

5. Other losses

	Group 2015 RM'000	Group 2014 RM'000
Currency exchange losses	**(3,731)**	(1,631)
(Loss)/gain on disposal and write-off of property, plant and equipment	**(76)**	8
	(3,807)	(1,623)

6. Finance expenses

	Group 2015 RM'000	Group 2014 RM'000
Interest expense:		
– bank borrowings	**1,888**	2,834
– finance lease liabilities	**612**	701
– loan from holding company	**172**	27
– amounts due to associated corporations	**682**	–
	3,354	3,562

7. Expenses by nature

	Group	
	2015	**2014**
	RM'000	**RM'000**
Depreciation of property, plant and equipment (Note 16)	**16,239**	14,025
Fees for audit services paid/payable to:		
– Auditor of the Company	**428**	348
– Other auditors*	**146**	147
Fees for non-audit services paid/payable to:		
– Other auditors*	**298**	45
Directors' fee:		
– Directors of the Company	**800**	682
– Directors of subsidiaries	**308**	148
Staff costs:		
(i) Directors' remuneration other than fees		
(a) Directors of the Company		
– Salaries and other related expenses	**3,100**	2,896
– Contribution to defined contribution plans	**86**	52
– Share-based payment expenses	**3,026**	–
(b) Directors of subsidiaries		
– Salaries and other related expenses	**381**	358
– Contribution to defined contribution plans	**43**	43
(ii) Other than directors:		
– Salaries and other related expenses	**56,822**	51,389
– Contribution to defined contribution plans	**5,927**	5,270
Included in cost of services:		
– Medical materials costs	**64,680**	59,002
– Medical consultants' fees	**99,098**	81,014
– Educators' fees	**1,267**	1,013
Rental and other operating leases	**9,751**	11,057
Utilities	**6,340**	3,899
Repairs and maintenance	**6,890**	5,370
Allowance for impairment of trade and other receivables	**2,447**	3,265
Reversal of allowance for impairment of trade receivables	**(956)**	(96)
Trade and other receivables written off	**477**	–
Professional fees	**2,737**	1,815
Others	**11,015**	10,000
Total cost of services, distribution and marketing expenses and administrative expenses	**291,350**	251,742

* Includes the network of member firms of PricewaterhouseCoopers International Limited (PwCIL). The audit and risk management committee has undertaken a review of all non-audit services provided by the auditors and they would not, in the audit and risk management committee's opinion, affect the independence of the auditors. The Company complies with Rule 712 and Rule 715 in relation to its auditing firms.

8. Income taxes

(a) Income tax expense

	Group 2015 RM'000	Group 2014 RM'000
Tax expense attributable to profit is made up of:		
Current income tax		
– Singapore	**71**	71
– Foreign	**6,600**	8,552
Deferred income tax (Note 21)	**(5,387)**	1,909
	1,284	10,532
Under/(over) provision in preceding financial years		
– current income tax (b)	**122**	(375)
	122	(375)
	1,406	10,157

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group 2015 RM'000	Group 2014 RM'000
Profit before tax	**54,763**	46,199
Share of profit of associated corporations	**(3,134)**	(4,906)
	51,629	41,293
Tax calculated at a tax rate of 17% (2014: 17%)	**8,777**	7,020
Effects of:		
– Different tax rates in other countries	**4,477**	3,823
– Expenses not deductible for tax purposes	**3,527**	1,604
– Income not subject to tax	**(92)**	(755)
– Utilisation of deferred tax assets previously unrecognised	**(4,440)**	(2,115)
– Recognition of previously unrecognised deferred tax assets on temporary differences	**(11,587)**	–
– Tax expenses arising from elimination of upstream transactions with associated corporations	**639**	–
– Utilisation of tax incentives in other country	**(17)**	(1,164)
– Deferred income tax assets on temporary differences not recognised	**–**	2,119
Tax charge	**1,284**	10,532

In both financial years, one of the subsidiaries was granted tax incentives equivalent to the increase in value of services exported.

8. Income taxes (continued)

(b) Movements in current income tax liabilities and tax recoverable

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Beginning of financial year	**1,749**	1,424	**–**	–
Income tax paid	**(7,530)**	(7,923)	**(71)**	(71)
Tax payable on profit for the current financial year	**6,671**	8,623	**71**	71
Under/(over) provision in preceding financial years	**122**	(375)	**–**	–
End of financial year	**1,012**	1,749	**–**	–
Composition:				
Tax recoverable	**21**	–	**–**	–
Current income tax liabilities	**(1,033)**	(1,749)	**–**	–
End of financial year	**(1,012)**	(1,749)	**–**	–

9. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2015	2014
Net profit attributable to equity holders of the Company (RM'000)	**27,643**	16,027
Weighted average number of ordinary shares outstanding for basic earnings per share	**577,071,286**	577,071,286
Basic earnings per share (RM cents per share)	**4.79**	2.78

9. Earnings per share (continued)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2015	**2014**
Net profit attributable to equity holders of the Company (RM'000)	**27,643**	16,027
Weighted average number of ordinary shares adjusted for the effects of dilutive potential ordinary shares	**589,671,286**	577,071,286
Basic earnings per share (RM cents per share)	**4.69**	2.78

10. Cash and cash equivalents

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Cash at bank and on hand	**39,076**	25,977	**2,223**	692
Less: Bank overdrafts (Note 18)	**(241)**	(3,960)	**–**	–
Cash and cash equivalents per consolidated statement of cash flows	**38,835**	22,017	**2,223**	692

11. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables – third parties	**51,644**	34,331	**–**	–
Less: Allowance for impairment of receivables	**(6,054)**	(5,272)	**–**	–
Trade receivables – net	**45,590**	29,059	**–**	–
Other receivables	**4,355**	2,441	**42**	20
Less: Allowance for impairment of receivables	**(897)**	(897)	**–**	–
Other receivables – net	**3,458**	1,544	**42**	20
Amount due from subsidiaries (a)	**–**	–	**22,218**	20,278
Amount due from associated corporations – non-trade	**39,218**	40,515	**23,247**	26,918
Less: Allowance for impairment of receivables (Note 14(b))	**(709)**	–	**–**	–
Amount due from associated corporations – non-trade – net (b)	**38,509**	40,515	**23,247**	26,918
Amount due from related parties	**285**	67	**285**	190
	87,842	71,185	**45,792**	47,406
Non-current				
Trade receivables – third parties	**1,194**	1,194	**–**	–
Less: Allowance for impairment of receivables	**(1,194)**	(1,194)	**–**	–
Trade receivables – third parties - net	**–**	–	**–**	–
Amount due from associated corporations – non-trade	**3,286**	2,943	**3,286**	2,943
Less: Allowance for impairment of receivables (Note 14(b))	**(3,179)**	(2,851)	**(3,179)**	(2,851)
Amount due from associated corporations – non-trade – net (c)	**107**	92	**107**	92

(a) The amounts due from subsidiaries represent advances which are unsecured, interest-free and are recoverable on demand.

(b) The non-trade amounts due from associated corporations are unsecured and recoverable on demand. Out of these balances, an amount of RM 14,327,000 (2014: RM 12,110,000) bears interest at 6.95% (2014: 6.95%) per annum.

(c) An amount of RM 107,000 (2014: RM 92,000) has been loaned to an associated corporation as its working capital. The settlement is not due in the next twelve months. Accordingly, this amount is classified as non-current. The balance is unsecured and bears interest at 6.95% (2014: 6.95%) per annum.

12. Inventories

	Group	
	2015	2014
	RM'000	RM'000
At cost		
Pharmaceutical and surgical medicine	**3,642**	2,857
Medical supplies	**3,386**	2,454
Medical suites held for sale (a)	**5,782**	–
	12,810	5,311

The cost of inventories recognised as an expense and included in cost of services amounted to RM 64,027,000 (2014: RM 59,002,000).

(a) During the financial year, the medical suites held for sale were acquired as part of an asset restructuring exercise. Please refer to Note 16(c) for more details.

13. Other assets

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current				
Deposits (a)	**499**	1,626	**55**	2
Prepayments	**2,343**	2,750	**175**	37
Down payment for purchase of plant and equipment	**1,154**	158	**–**	–
	3,996	4,534	**230**	39
Non-Current				
Deposits	**409**	–	**104**	–

(a) In 2014, rental deposits included RM 1,404,000 placed with associated corporations.

14. Investments in associated corporations

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cost				
Beginning of financial year			**16,293**	8,748
Capital injection in an associated corporation (d)			**–**	7,250
Translation difference			**1,450**	295
End of financial year			**17,743**	16,293
Accumulated impairment losses				
Beginning of financial year			**(3,608)**	(3,155)
Impairment loss made			**–**	(348)
Translation difference			**(321)**	(105)
End of financial year (b)			**(3,929)**	(3,608)
Net carrying value			**13,814**	12,685
Beginning of financial year	**37,486**	25,488		
Capital injection in an associated corporation (d)	**–**	7,250		
Share of profit of associated corporations	**3,134**	4,906		
Elimination of upstream transactions (e)	**(3,759)**	–		
Currency translation differences	**1,129**	(158)		
End of financial year	**37,990**	37,486		

Details of associated corporations are provided in Note 31.

(a) Investments in an associated corporation of RM 50,000 (2014: RM 46,000) have been pledged as security for bank borrowings of the Company (Note 18(a)).

(b) The Company has accumulated impairment losses of RM 3,929,000 (2014: RM 3,608,000) for impairment of its investment in certain associated corporations and an allowance of RM 3,888,000 (2014: RM 2,851,000) for impairment of receivables from the associated corporations (Note 11) which has been dormant for the current and past financial years.

(c) During the financial year, the Group has not recognised its share of loss of certain associated corporations amounting to RM 141,000 (2014: RM 231,000) because the Group's cumulative share of losses exceeds its interest in the associated corporations and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amount to RM 1,946,000 (2014: RM 1,805,000) at the balance sheet date.

14. Investments in associated corporations (continued)

(d) In 2014, a capital injection of RM 7,250,000 in an associated corporation was settled in cash of RM 123,000 and conversion of loan due from the associated corporation of RM 7,127,000. There was no capital injection in the current financial year.

(e) During the financial year, the Group acquired property, plant and equipment (Note 16) and medical suites held for sale (Note 12) amounting to RM 35,045,000 and RM 5,782,000 respectively from its associated corporations as part of an asset restructuring exercise. The Group eliminated its share of losses on disposal amounting to RM 3,759,000 arising from this transaction against property, plant and equipment. Please refer to Note 16(c) for more details of the transaction.

Set out below are the associated corporations of the Group as at 30 June 2015, which, in the opinion of the directors, are material to the Group.

Name of entity	Place of business/ country of incorporation	% of ownership interest
Mahkota Commercial Sdn. Bhd. ("MCSB")	Malaysia	48.95
Regency Medical Centre (Seri Alam) Sdn. Bhd. ("RMCSA")	Malaysia	29.00

MCSB is an investment holding company with subsidiaries holding investment properties in Malaysia. MCSB and its subsidiaries ("MCSB Group") held medical suites, hospital and commercial units within Mahkota Medical Centre ("MMC") and leased the use of the assets to MMC. Upon the completion of the asset restructuring exercise during the financial year, MCSB and its subsidiaries became dormant, except for RMCSA which is an asset holding company and leases its hospital building to Regency Specialist Hospital for its day-to-day operations.

There are no contingent liabilities relating to the Group's interest in the associated corporations.

Summarised financial information for associated corporations

Set out below are the summarised consolidated financial information for MCSB Group and RMCSA. RMCSA is a subsidiary of MCSB by virtue of MCSB's 65% equity interest in RMCSA and its results are included in the consolidated financial information of MCSB Group.

14. Investments in associated corporations (continued)

Summarised balance sheet

	MCSB Group As at 30 June		RMCSA As at 30 June	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current assets	**10,981**	14,416	**6,686**	6,974
Includes:				
– Cash and cash equivalents	**1,275**	2,370	**693**	690
Current liabilities	**67,466**	74,240	**19,570**	18,555
Includes:				
– Financial liabilities (excluding trade and other payables)	**4,150**	4,870	**4,150**	4,870
Non-current assets	**138,369**	151,013	**100,000**	100,000
Non-current liabilities	**22,135**	29,744	**61,069**	63,790
Includes:				
– Financial liabilities	**11,428**	14,786	**50,528**	53,886
– Other liabilities	**10,707**	14,958	**10,541**	9,904
Net assets	**59,749**	61,445	**26,047**	24,629

14. Investments in associated corporations (continued)

Summarised statement of comprehensive income

	MCSB Group For the financial year ended 30 June		RMCSA For the financial year ended 30 June	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Revenue	**9,474**	9,884	**6,549**	6,082
Interest income	**687**	39	**–**	–
Expenses				
Includes:				
– Interest expense	**(2,237)**	(3,596)	**(2,230)**	(3,618)
(Loss)/profit before income tax	**(3,353)**	12,207	**2,055**	5,631
Income tax credit/(expense)	**1,657**	(3,028)	**(637)**	(1,276)
(Loss)/profit after income tax and total comprehensive (loss)/income	**(1,696)**	9,179	**1,418**	4,355
(Loss)/profit attributable to:				
Equity holders of the Company	**(2,310)**	8,075	**1,418**	4,355
Non-controlling interests	**614**	1,104	**–**	–
Share of associates' (loss)/profit	**(1,131)**	(3,953)	**411**	1,263
Elimination of upstream transaction with associated corporations (Note14(e))	**3,759**	–	**–**	–
	2,628	(3,953)	**411**	1,263

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated corporations.

14. Investments in associated corporations (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in associated corporations.

	MCSB Group As at 30 June		RMCSA[(a)] As at 30 June	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Net assets				
At 1 July	**61,445**	52,266	**24,629**	20,274
(Loss)/profit for the year	**(1,696)**	9,179	**1,418**	4,355
At 30 June	**59,749**	61,445	**26,047**	24,629
Adjusted net assets (b)	**36,547**	38,871	**25,281**	23,535
Interest in associated corporations	**17,890**	19,027	**7,331**	6,825
Adjustment for quasi-equity investment	**–**	–	**11,339**	11,339
Translation difference	**7**	3	**1,423**	292
Carrying value	**17,897**	19,030	**20,093**	18,456
Add:				
Carrying value of individually immaterial associated corporations			*	*
Carrying value of Group's interest in associated corporations			**37,990**	37,486

(a) The Group has a direct equity interest of 29% in RMCSA.

(b) Net assets of associated corporations had been adjusted to exclude balances which the Group has no interests in and also differences in accounting policies between the Group and the associated corporations.

* Immaterial being value below RM 1,000.

15. Investments in subsidiaries

	Company 2015 RM'000	Company 2014 RM'000
Equity investments at cost		
Beginning of financial year	**93,044**	84,973
Capital injection in a subsidiary (a)	**–**	5,220
Translation differences	**8,282**	2,851
End of financial year	**101,326**	93,044
Less: Impairment losses		
Beginning of financial year	**(37,796)**	(36,561)
Additions during the financial year (c)	**(3,538)**	–
Translation differences	**(3,574)**	(1,235)
End of financial year	**(44,908)**	(37,796)
	56,418	55,248

Details of subsidiaries are included in Note 31.

(a) In 2014, capital injection of RM 5,220,000 in a subsidiary was settled in cash of RM 2,136,000, dividend income from a subsidiary of RM 2,741,000 and payment on behalf by an associated corporation of RM 343,000.

(b) Investments in a subsidiary of RM 29,729,000 (2014: RM 27,299,000) have been pledged as security for bank borrowings of the Company (Note 18(a)).

(c) Provision for impairment losses, amounting to RM 3,538,000, was made for a subsidiary which is undergoing voluntary liquidation.

Carrying value of non-controlling interests

	2015 RM'000	2014 RM'000
Mahkota Medical Centre Sdn. Bhd. ("MMCSB")	**75,137**	58,996
Regency Specialist Hospital Sdn. Bhd. ("RSHSB")	**(10,510)**	(19,779)
Other subsidiaries with immaterial non-controlling interest	**(3,877)**	2,520
Total	**60,750**	41,737

15. Investments in subsidiaries (continued)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations and adjusted for differences in accounting policies between the Group and the subsidiaries.

Summarised balance sheet

	MMCSB As at 30 June		RSHSB As at 30 June	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current				
Assets	**80,151**	110,472	**53,189**	36,655
Liabilities	**39,379**	46,576	**51,249**	47,140
Total current net assets/(liabilities)	**40,772**	63,896	**1,940**	(10,485)
Non-current				
Assets	**153,895**	63,665	**29,263**	17,335
Liabilities	**47,786**	12,298	**920**	325
Total non-current net assets	**106,109**	51,367	**28,343**	17,010
Net assets	**146,881**	115,263	**30,283**	6,525

Summarised income statement

	MMCSB For the financial year ended 30 June		RSHSB For the financial year ended 30 June	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Revenue	**229,019**	211,679	**110,851**	78,877
Profit before income tax	**52,194**	43,937	**14,759**	2,907
Income tax (expense)/credit	**(11,577)**	(9,808)	**8,999**	–
Profit after tax and total comprehensive income	**40,617**	34,129	**23,758**	2,907
Dividends paid to non-controlling interests	**4,532**	18,417	**–**	–

15. Investments in subsidiaries (continued)

Summarised cash flows

	MMCSB 2015 RM'000	RSHSB 2015 RM'000
Cash flows from operating activities		
Cash generated from operations	40,031	18,435
Interest paid	(1,678)	(914)
Income tax paid	(7,340)	(18)
Net cash generated from operating activities	**31,013**	**17,503**
Net cash used in investing activities	**(840)**	**(6,727)**
Net cash used in financing activities	**(25,343)**	**(275)**
Net increase in cash and cash equivalents	**4,830**	**10,501**
Cash and cash equivalents at beginning of year	19,076	492
Cash and cash equivalents at end of year	**23,906**	**10,993**

16. Property, plant and equipment

	Leasehold land RM'000	Leasehold buildings RM'000	Electrical equipment RM'000	Medical equipment RM'000	Motor vehicles RM'000	Furniture, office equipment and housekeeping equipment RM'000	Total RM'000
<u>The Group</u>							
2015							
Cost							
Beginning of financial year	19,038	63,187	32,964	98,235	2,885	28,576	244,885
Currency translation differences	–	–	1	–	79	281	361
Additions	–	38,849	643	10,936	–	3,920	54,348
Disposals/Write-offs	–	–	(22)	(1,127)	–	(359)	(1,508)
End of financial year	19,038	102,036	33,586	108,044	2,964	32,418	298,086
Accumulated depreciation							
Beginning of financial year	1,641	12,442	21,177	52,064	1,273	13,719	102,316
Currency translation differences	–	–	–	–	23	209	232
Depreciation charge	22	2,019	823	8,457	388	4,530	16,239
Reclassification	(170)	170	–	–	–	–	–
Disposals/Write-offs	–	–	(16)	(919)	–	(241)	(1,176)
End of financial year	1,493	14,631	21,984	59,602	1,684	18,217	117,611
Net book value at end of financial year	**17,545**	**87,405**	**11,602**	**48,442**	**1,280**	**14,201**	**180,475**

16. Property, plant and equipment (continued)

	Leasehold land RM'000	Leasehold buildings RM'000	Electrical equipment RM'000	Medical equipment RM'000	Motor vehicles RM'000	Furniture, office equipment and housekeeping equipment RM'000	Total RM'000
The Group							
2014							
Cost							
Beginning of financial year	19,038	63,187	31,494	92,531	2,226	22,055	230,531
Currency translation differences	–	–	–	–	20	88	108
Additions	–	–	1,527	7,077	1,408	7,120	17,132
Disposals/Write-offs	–	–	(57)	(1,373)	(769)	(687)	(2,886)
End of financial year	19,038	63,187	32,964	98,235	2,885	28,576	244,885
Accumulated depreciation							
Beginning of financial year	1,248	11,211	20,517	45,624	1,647	10,407	90,654
Currency translation differences	–	–	–	–	21	52	73
Depreciation charge	393	1,231	705	7,495	354	3,847	14,025
Disposals/Write-offs	–	–	(45)	(1,055)	(749)	(587)	(2,436)
End of financial year	1,641	12,442	21,177	52,064	1,273	13,719	102,316
Net book value at end of financial year	**17,397**	**50,745**	**11,787**	**46,171**	**1,612**	**14,857**	**142,569**

16. Property, plant and equipment (continued)

	Furniture and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Company			
2015			
Cost			
Beginning of financial year	51	679	730
Currency translation differences	11	61	72
Additions	132	–	132
Disposals/Write-offs	(22)	–	(22)
End of financial year	172	740	912
Accumulated depreciation			
Beginning of financial year	39	56	95
Currency translation differences	3	9	12
Depreciation charge	8	70	78
Disposals/Write-offs	(16)	–	(16)
End of financial year	34	135	169
Net book value			
End of financial year	**138**	**605**	**743**
2014			
Cost			
Beginning of financial year	50	428	478
Currency translation differences	1	14	15
Additions	–	681	681
Disposals/Write-offs	–	(444)	(444)
End of financial year	51	679	730
Accumulated depreciation			
Beginning of financial year	26	418	444
Currency translation differences	1	15	16
Depreciation charge	12	67	79
Disposals/Write-offs	–	(444)	(444)
End of financial year	39	56	95
Net book value			
End of financial year	**12**	**623**	**635**

16. Property, plant and equipment (continued)

(a) The net carrying amount of motor vehicles and medical equipment of the Group and Company held under finance leases are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Motor vehicles	**931**	1,113	**605**	623
Medical equipment	**25,583**	26,833	**–**	–
	26,514	27,946	**605**	623

During the financial year, motor vehicles and medical equipment amounting to RM 4,862,000 (2014: RM 4,315,000) were acquired under finance leases (Note 19).

(b) Property, plant and equipment of certain subsidiaries with a net carrying amount of RM 14,518,000 (2014: RM 61,759,000) have been pledged to financial institutions for credit facilities granted to the Group (Note 18(a)).

(c) During the financial year, the Group's subsidiary, Mahkota Medical Centre Sdn. Bhd. ("MMCSB") acquired property, plant and equipment of RM 35,045,000 and inventories of medical suites held for sale of RM 5,782,000 (Note 12) from its associated corporations, including Mahkota Commercial Sdn. Bhd. ("MCSB") and its subsidiaries as part of an asset restructuring exercise to restore the Group's ownership of certain hospital assets previously transferred to associated corporations. The additions of RM 38,849,000 in leasehold buildings include the elimination of losses arising from these upstream transactions with the associated corporations amounting to RM 3,759,000 (Note 14(e)). RM 35,952,000 of the amounts due to associated corporations for the transaction remained outstanding.

17. Trade and other payables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Trade payables – third parties	**35,078**	29,847	**–**	–
Deposits received	**267**	258	**–**	–
Directors' fee payable	**533**	444	**533**	444
Accrued employee compensation expense	**9,985**	8,598	**862**	638
Accrued rental expense (a)	**5,628**	5,879	**–**	–
Other payables and accruals	**12,279**	11,070	**1,924**	953
Amount due to associated corporations (non-trade) (c)	**2,351**	227	**–**	–
Amount due to subsidiaries (non-trade) (b)	**–**	–	**–**	3,945
Amount due to related parties (non-trade) (b)	**88**	90	**88**	90
	66,209	56,413	**3,407**	6,070

17. Trade and other payables (continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-current				
Amount due to associated corporations (non-trade) (c)	**33,600**	–	**–**	–
Amount due to non-controlling interests of a subsidiary (non-trade) (d)	**19,247**	19,247	**–**	–
	52,847	19,247	**–**	–

(a) Included in "trade and other payables" are lease expenses accrued on a straight-line basis for a non-cancellable operating lease with an associated corporation of RM 5,628,000 (2014: RM 5,879,000). Please refer to Note 24(b).

(b) The current amounts due to subsidiaries and related parties are unsecured, interest-free and are repayable on demand.

(c) The current and non-current non-trade amounts due to associated corporations arose from the asset restructuring exercise (Note 16c) in the current financial year and are unsecured, and repayable in 120 instalments at a fixed interest rate of 6% per annum.

(d) The non-current non-trade amount due to non-controlling interests of a subsidiary is unsecured and interest-free.

18. Borrowings

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current				
Overdraft (Note 10) – secured	**241**	3,960	**–**	–
Short-term bank loans				
– secured	**19,607**	19,576	**12,607**	11,576
– unsecured	**572**	–	**–**	–
Loan from holding company				
– unsecured	**3,362**	–	**3,362**	–
Current portion of long-term bank loans				
– secured	**552**	4,400	**–**	–
Finance lease liabilities - secured (Note 19)	**4,551**	5,829	**84**	73
	28,885	33,765	**16,053**	11,649

18. Borrowings (continued)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non–current				
Long–term bank loans				
– secured	**5,584**	13,131	**–**	–
– unsecured	**559**	–	**–**	–
Loan from holding company				
– unsecured	**–**	2,573	**–**	2,573
Finance lease liabilities – secured (Note 19)	**5,548**	5,909	**182**	202
	11,691	21,613	**182**	2,775
Total borrowings	**40,576**	55,378	**16,235**	14,424

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual pricing dates at the balance sheet date are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Less than one year	**28,885**	33,765	**16,053**	11,649
Between one and five years	**11,691**	21,613	**182**	2,775
	40,576	55,378	**16,235**	14,424

The weighted average effective interest rates at the balance sheet date are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	%	**%**	**%**	**%**
Overdraft	**6.67**	7.17	**–**	–
Short-term bank loans	**4.65**	4.89	**4.01**	4.04
Long-term bank loans	**6.86**	6.30	**–**	–
Loan from holding company	**6.00**	6.00	**6.00**	6.00
Finance lease liabilities	**5.54**	5.62	**5.07**	5.07

18. Borrowings (continued)

(a) Security granted

The short-term and long-term bank loans are secured by the following:

(i) *The Company* - A memorandum of charge and assignment over all of the Company's shares in a subsidiary incorporated in Malaysia (Note 15(b)) and an associated corporation incorporated in Malaysia (Note 14(a)), and corporate guarantee from the holding company.

(ii) *The Group* – In addition to paragraph (i) above, a first assignment on land and buildings and assignment of rental proceeds of certain subsidiaries in Malaysia (Note 16(b)).

The finance lease liabilities of the Group and the Company are effectively secured as the rights to the hire purchase assets (Note 16(a)) revert to the hiree in the event of default.

(b) Maturity of borrowings

The non-current borrowings (excluding finance lease liabilities (Note 19)) had the following maturity:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Between two and five years	**3,268**	12,111	**–**	2,573
Later than five years	**2,875**	3,593	**–**	–
	6,143	15,704	**–**	2,573

(c) Fair value of non-current borrowings

The fair values of non-current borrowings approximate their carrying values.

(d) Undrawn borrowing facilities

The Group and the Company had the following undrawn borrowing facilities:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
– Expiring not later than one year	**12,843**	22,055	**–**	–
– Expiring later than one year	**2,977**	514	**–**	514
	15,820	22,569	**–**	514

The borrowing facilities expiring within one year are annual facilities subject to review at various dates in 2015. The borrowing facilities were arranged to finance partially the Group's working capital requirements.

19. Finance lease liabilities

The Group and the Company lease certain plant and equipment, and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group and the Company with options to purchase the leased assets at nominal values at the end of the lease term.

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments due:				
– Not later than one year	**4,964**	6,381	**94**	84
– Between two and five years	**5,867**	6,147	**203**	203
	10,831	12,528	**297**	287
Less: Future finance charges	**(732)**	(790)	**(31)**	(12)
Present value of finance lease liabilities	**10,099**	11,738	**266**	275

The present values of finance lease liabilities are analysed as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Not later than one year (Note 18)	**4,551**	5,829	**84**	73
Later than one year (Note 18):				
– Between two and five years	**5,548**	5,909	**182**	202
	10,099	11,738	**266**	275

20. Deferred income

This relates to fees received in advance in respect of healthcare education and training courses as follows:

	Group	
	2015	2014
	RM'000	RM'000
Beginning of financial year	**1,091**	822
Additions during the financial year	**6,580**	5,278
Amount credited to profit or loss	**(6,535)**	(5,036)
Currency translation differences	**100**	27
End of financial year	**1,236**	1,091

21. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Deferred income tax assets:		
– to be recovered after one year	**(9,040)**	(2)
Deferred income tax liabilities:		
– to be settled after one year	**4,736**	1,085

The movement in the deferred income tax account is as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Beginning of financial year	**1,083**	(826)
Tax (credited)/charge to profit or loss (Note 8)	**(5,387)**	1,909
End of financial year	**(4,304)**	1,083

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation RM'000
2015	
Beginning of financial year	**6,045**
Charged to profit or loss	**2,489**
End of financial year	**8,534**
2014	
Beginning of financial year	5,120
Charged to profit or loss	925
End of financial year	6,045

The Company has no deferred tax liabilities as at 30 June 2015 and 2014.

21. Deferred income taxes (continued)

Group

Deferred income tax assets

	Provisions RM'000	Unutilised tax exemption claimed RM'000	Unutilised tax losses RM'000	Total RM'000
2015				
Beginning of financial year	**(1,231)**	**(3,731)**	**–**	**(4,962)**
(Credited)/charged to profit or loss	**(1,116)**	**3,731**	**(10,491)**	**(7,876)**
End of financial year	**(2,347)**	**–**	**(10,491)**	**(12,838)**
2014				
Beginning of financial year	(1,560)	(4,386)	–	(5,946)
Charged to profit or loss	329	655	–	984
End of financial year	(1,231)	(3,731)	–	(4,962)

Deferred income tax assets are recognised for tax losses, capital allowances, provisions and unutilised tax exemptions claimed to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised tax losses of RM 25,971,000 (2014: RM 97,266,000) and capital allowances and provisions of RM 9,128,000 (2014: RM 20,205,000) at the balance sheet date which can be carried forward and used to offset against future taxable income.

22. Share capital

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Issued share capital RM'000	Treasury shares RM'000
2015				
Beginning and end of financial year	**577,272,286**	**(201,000)**	**90,564**	**(47)**
2014				
Beginning and end of financial year	577,272,286	(201,000)	90,564	(47)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

22. Share capital (continued)

(a) HMI Employee Share Option Scheme

On 14 November 2014, options to subscribe for 3,780,000 ordinary shares in the Company at an exercise price of S$0.28 per ordinary share were granted to certain Key Management Personnel under the HMI Employee Share Option Scheme ("HMI ESOS"), which was approved by shareholders on 23 October 2008.

The exercise price of the options is determined as the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange for five market days immediately preceding the date of the grant. The vesting of the options is conditional on the Key Management Personnel completing one year of service to the Group from the date of the grant. Once they have vested, the options are exercisable immediately and will expire after a period of ten years from date of grant. The options granted are exercisable from 14 November 2015 and expire on 13 November 2024.

The fair value of the options granted was estimated to be S$386,000 (approximately RM 1,081,000), using the Black-Scholes Option Pricing model. The significant inputs into the model were share price of S$0.28 at the grant date, exercise price of S$0.28, dividend yield of 0%, expected life of 5 years and annual risk-free interest rate of 1.49%. The volatility of 0.39 is measured as the standard deviation of continuously compounded daily returns over 5 years before grant date.

Movements in the number of unissued ordinary shares under the HMI ESOS and their exercise prices are as follows:

	← No. of ordinary shares under HMI ESOS →						
	Beginning of financial year	**Granted during financial year**	**Forfeited during financial year**	**Exercised during financial year**	**End of financial year**	**Exercise price**	**Exercise period**
Group and Company							
2015							
Options	–	3,780,000	–	–	3,780,000	S$0.28	14.11.2015 – 13.11.2024
	–	3,780,000	–	–	3,780,000		

None of the options is exercisable at the balance sheet date.

22. Share capital (continued)

(b) HMI Performance Share Plan

On 14 November 2014, 8,820,000 awards, comprising of 8,820,000 shares, were granted to certain Key Management Personnel under the HMI Performance Share Plan ("HMI PSP"), which was approved by shareholders on 23 October 2008.

The actual number of shares to be released could be zero or a maximum of 8,820,000, at nil exercise price, depending on the achievement of pre-determined performance targets.

The fair value of the awards granted was estimated to be S$2,470,000 (approximately RM 6,920,000) using the Black-Scholes Option Pricing model. The significant inputs into the model were share price of S$0.28 at the grant date, dividend yield of 0%, expected life of 2 years and annual risk-free interest rate of 0.48%. The volatility of 0.38 is measured as the standard deviation of continuously compounded daily returns over 2 years before grant date.

Movements in the number of shares awarded under the HMI PSP are as follows:

	Group and Company	
	2015	**2014**
Beginning of financial year	**–**	–
Granted	**8,820,000**	–
End of financial year	**8,820,000**	–

23. Other reserves

(a) Retained earnings/(accumulated losses)

(i) Retained earnings/(accumulated losses) of the Group include the accumulated share of profits of associated corporations amounting to RM 26,678,000 (2014: RM 23,544,000).

(ii) Movement in accumulated losses for the Company is as follows:

	Company	
	2015	**2014**
	RM'000	**RM'000**
Beginning of financial year	**(2,410)**	(14,231)
Net (loss)/ profit	**(7,656)**	11,821
End of financial year	**(10,066)**	(2,410)

23. Other reserves (continued)

(b) Currency translation reserve

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Beginning of financial year	**5,860**	4,774	**8,180**	5,459
Net currency translation differences of the Company and Singapore subsidiaries	**3,260**	1,089	**8,116**	2,721
Less: Non-controlling interests	**(6)**	(3)	**–**	–
	3,254	1,086	**8,116**	2,721
End of financial year	**9,114**	5,860	**16,296**	8,180

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of Singapore operations whose functional currencies are different from the presentation currency of the financial statements of the Group.

(c) Other reserves

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Composition:				
Capital reserve	**68**	68	**16**	16
Share-based payment reserve	**3,026**	–	**3,026**	–
	3,094	68	**3,042**	16
Movements:				
(i) Capital reserve				
Beginning and end of financial year	**68**	68	**16**	16
(ii) Share-based payment reserve				
Beginning of financial year	**–**	–	**–**	–
Share-based payment reserve	**3,026**	–	**3,026**	–
End of financial year	**3,026**	–	**3,026**	–

Other reserves are non-distributable.

24. Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	**8,621**	541	**145**	–

(b) Operating lease commitments - where the Group is a lessee

The Group leases various land and office premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Not later than one year	**7,458**	6,608
Between two and five years	**25,208**	22,496
Later than five years	**136,866**	101,690
	169,532	130,794
Less: Accrual for operating lease expenses recognised on a straight-line basis (Note 17)	**(5,628)**	(5,879)
Operating lease commitments not recognised as liabilities at balance sheet date	**163,904**	124,915

25. Contingent liabilities (unsecured)

Corporate guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These bank borrowings amount to RM 3,071,000 (2014: RM 4,673,000) at the balance sheet date.

26. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's policy is not to engage in speculative transactions.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in currency exchange rates.

The Company's operational activities are carried out in Singapore Dollars ("SGD"). The Group's operational activities are substantially carried out in Malaysian Ringgit ("RM") by its subsidiaries in Malaysia.

Management monitors the Group and Company's exposure to currency risk to keep the net exposure at an acceptable level.

As at balance sheet date, the Group's subsidiaries have their financial instruments mainly denominated in their respective functional currencies, and currency risk is insignificant. The Company's exposure to currency risk mainly arises from RM denominated amount due from an associated corporation of RM 23,247,000 (2014: RM 26,918,000) and amount due from subsidiaries of RM 19,472,000 (2014: RM 20,278,000) as the Company's functional currency is SGD.

As at 30 June 2015, if the RM has strengthened/ weakened by 1% (2014: 1%) against the SGD with all other variables including tax rate being held constant, the Group and Company's profit after tax would have been RM 335,000 (2014: RM 393,000) higher/lower, as a result of currency translation gains/losses on these RM denominated balances.

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to cash flow interest rate risks arises mainly from variable rate borrowings. The Group and Company manage its interest rate exposure by monitoring movements in interest rates and actively reviewing its borrowings.

The Group's and Company's borrowings at variable rates comprise approximately 67% (2014: 74%) and 78% (2014: 80%) of the total borrowings respectively. If the interest rate during the financial year had been higher/lower by 0.5% (2014: 0.5%) with all other variables including tax rates being held constant, the profit after tax for the Group and Company would have been lower/higher by RM 113,000 (2014: RM 170,000) and RM 52,000 (2014: RM 48,000) respectively as a result of higher/lower interest expense on variable rate borrowings.

26. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade and other receivables, the Group adopts the policy of dealing only with customers and counterparties of appropriate credit history to mitigate credit risk. Bank deposits are mainly placed with financial institutions which have high credit ratings.

Trade and other receivables are monitored on an ongoing credit evaluation by the respective management and by Group management. The Group has no significant concentration exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers who are dispersed. Management believes that there is no anticipated additional credit risk beyond the amount of allowance for impairment made in the Group's trade receivables.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The Group's dominant operations are in Malaysia, and the Group's trade receivables located in Malaysia represents 89% (2014: 98%) of total trade receivables. The remainder represents revenues arising from operations in Singapore.

Trade receivables arise entirely from non-related parties: corporate customers and individual customers which represent 76% (2014: 76%) and 24% (2014: 24%) respectively.

It is the Group's policy to transact with creditworthy counterparties. In addition, the granting of material credit limits to counterparties is reviewed and approved by senior management.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

26. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Financial assets that are either past due or impaired

Apart from other receivables and amounts due from an associated corporation (refer to Note 14(b)) which are assessed for impairment on a case-by-case basis, there is no other class of financial assets that is past due and/or impaired except for trade receivables (refer below for analysis).

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Past due 0 to 1 months	**5,382**	4,499
Past due 1 to 3 months	**8,241**	3,284
Past due over 3 months	**4,821**	4,014
	18,444	11,797

At the Company level, all non-trade receivables are from subsidiaries and associated corporations and the carrying amounts are not past due.

The carrying amount of trade receivables individually determined to be impaired and the movement of the related allowance for impairment is as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Gross amount	**7,248**	6,446
Less: Allowance for impairment	**(7,248)**	(6,446)
	–	–
Beginning of financial year	**6,466**	4,114
Allowance made	**1,738**	2,448
Allowance written back	**(956)**	(96)
End of financial year	**7,248**	6,466

The impaired trade receivables arise mainly from corporate and individual customers, and an allowance is made on a case-by-case basis.

26. Financial risk management (continued)

(c) Liquidity risk

The Group and the Company manage liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

The table below analyses the maturity profile of the financial liabilities of the Group and the Company based on contractual undiscounted cash flows.

	Less than 1 year RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000
Group			
2015			
Trade and other payables	**68,803**	**26,472**	**36,060**
Borrowings	**29,883**	**9,515**	**3,474**
	98,686	**35,987**	**39,534**
2014			
Trade and other payables	56,413	-	19,247
Borrowings	35,623	20,217	4,153
	92,036	20,217	23,400

	Less than 1 year RM'000	Between 2 and 5 years RM'000
Company		
2015		
Trade and other payables	**3,407**	**–**
Borrowings	**16,358**	**182**
Financial guarantee	**3,071**	**–**
	22,836	**182**
2014		
Trade and other payables	6,070	–
Borrowings	12,033	2,971
Financial guarantee	4,673	–
	22,776	2,971

26. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 June 2015 and 2014.

(e) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2015 RM'000	2014 RM'000
Group		
Loans and receivables	**127,933**	98,880
Financial liabilities at amortised cost	**159,632**	131,038
Company		
Loans and receivables	**48,281**	48,192
Financial liabilities at amortised cost	**19,642**	20,494

27. Immediate and ultimate holding company

The Company's immediate and ultimate holding company is Nam See Investment (Pte) Ltd, incorporated in Singapore.

28. Related party transactions

(a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and the related parties at terms agreed between the parties:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(i) Rental expense to associated corporations*	**6,788**	9,758	**–**	–
(ii) Interest income from associated corporations	**958**	2,168	**7**	485
(iii) Payments on behalf of an associated corporation	**1,901**	5,676	**–**	–
(iv) Agency fee paid to a related party	**119**	116	**119**	116
(v) Agency fee recharged to subsidiaries	**–**	–	**(119)**	(116)
(vi) Management fee income from subsidiaries	**–**	–	**1,404**	1,404
(vii) Salaries recharged to subsidiaries	**–**	–	**272**	197
(viii) Service fee income from subsidiaries	**–**	–	**30**	27
(ix) Interest expense charged by holding company	**172**	26	**172**	26
(x) Interest expense charged by associated corporations	**682**	–	**–**	–

* Rental expense to associated corporations is based on lease agreements.

(b) *Key management personnel compensation*

Key management personnel compensation is as follows:

	Group	
	2015 RM'000	2014 RM'000
Wages and salaries	**6,771**	5,807
Employer's contribution to defined contribution plans, including Central Provident Fund	**270**	206
Share-based payment expenses	**3,026**	–
Benefits in kind	**189**	188
	10,256	6,201

Details on directors and top five key management personnel's remunerations are disclosed in the Corporate Governance Report.

29. Segment information

The Management has determined the operating segments based on the reports that are used to make strategic decisions. The Management comprises the executive Chairman/Managing Director and the executive Director.

The Management assesses the performance of the operating segments based on a measure of earnings before interest and tax ("adjusted EBIT").

The Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the two primary geographic areas, Singapore and Malaysia. The Singapore segment derives revenue from healthcare education and training services. The Malaysia segment derives revenue from hospital and other healthcare services.

Other operations included within Singapore and Malaysia relate to investment holding; but these are not included within the reportable operating segments, as they are not included in the reports provided to the Management. The results of these operations are included in the "all other segments" column.

The segment information provided to the Management for the reportable segments are as follows:

2015	Malaysia Hospital and other-healthcare services RM'000	Singapore Healthcare education and training RM'000	All other segments RM'000	Elimination RM'000	Total RM'000
Revenue:					
– external revenue	336,756	8,468	5,959	(5,959)	345,224
Adjusted EBIT	61,615	1,656	(9,978)	–	53,293
Interest expense - net	(970)	–	(694)	–	(1,664)
Share of profit of associated corporations	3,134	–	–	–	3,134
Profit before income tax	63,779	1,656	(10,672)	–	54,763
Segment assets	337,808	6,879	27,079	–	371,766
Segment assets includes:					
Investment in associated corporations	37,990	–	–	–	37,990
Additions to:					
– property, plant and equipment	54,192	24	132	–	54,348
Segment liabilities	125,155	2,584	38,898	–	166,637

29. Segment information (continued)

2014	Malaysia Hospital and other-healthcare services RM'000	Singapore Healthcare education and training RM'000	All other segments RM'000	Elimination RM'000	Total RM'000
Revenue:					
– external revenue	285,696	7,216	19,052	(19,052)	292,912
Adjusted EBIT	48,973	479	(7,095)	–	42,357
Interest expense - net	(795)	(9)	(260)	–	(1,064)
Share of profit of associated corporations	4,906	–	–	–	4,906
Profit before income tax	53,084	470	(7,355)	–	46,199
Segment assets	254,333	4,138	28,685	–	287,156
Segment assets includes:					
Investment in associated corporations	37,486	–	–	–	37,486
Additions to:					
– property, plant and equipment	16,076	374	682	–	17,132
Segment liabilities	95,672	3,485	35,806	–	134,963

The revenue from external parties reported to the Management is measured in a manner consistent with that in the statement of comprehensive income.

29. Segment information (continued)

(a) Reconciliations

(i) Segment profits

A reconciliation of adjusted EBIT to profit before tax is as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Adjusted EBIT for reportable segments	**63,271**	49,452
Other segments EBIT	**(9,978)**	(7,095)
Finance expense	**(3,354)**	(3,562)
Interest income	**1,690**	2,498
Unallocated:		
Share of profit of associated corporations	**3,134**	4,906
Profit before tax	**54,763**	46,199

(ii) Segment liabilities

The amounts provided to the management with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments.

	Group	
	2015	**2014**
	RM'000	**RM'000**
Segment liabilities for reportable segments	**127,739**	99,157
Other segment liabilities	**38,898**	35,806
	166,637	134,963

29. Segment information (continued)

(b) Revenue from major products and services

Revenue from external customers are derived mainly from hospital and other healthcare services and healthcare education and training. Investment holding is included in "Others". Breakdown of the revenue is as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Hospital and other healthcare services	**336,756**	285,696
Healthcare education and training	**8,468**	7,216
	345,224	292,912

(c) Geographical information

The Group's two business segments operate in two main geographical areas:

(i) Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are healthcare education and training.
(ii) Malaysia – the operations in this area are hospital and other healthcare services.

	Total sales	
	2015	**2014**
	RM'000	**RM'000**
Singapore	**8,486**	7,230
Malaysia	**336,738**	285,682
	345,224	292,912

	Total non-current assets	
	2015	**2014**
	RM'000	**RM'000**
Singapore	**39,249**	38,213
Malaysia	**188,772**	141,936
	228,021	180,149

30. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2015 or later periods and which the Group has not early adopted:

- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)

  FRS 115 was issued in November 2014 and supersedes FRS 18 Revenue, FRS 11 Construction contracts and other revenue related interpretations. It applies to all contracts with customers, except for leases, financial instruments and insurance contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements.

- FRS 109 Financial Instruments (effective for annual periods beginning on or after 1 January 2018.)

  FRS 109 was issued in December 2014 and includes guidance on the classification and measurement of financial assets and financial liabilities and de-recognition of financial instruments.

31. Listing of companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding* 2015 %	Equity holding* 2014 %
Subsidiaries (held by the Company)				
HMI Institute of Health Sciences Pte. Ltd. [a]	Healthcare education and training	Singapore	**100**	100
HMI Health Management (M) Sdn. Bhd.[b]	Hospital management services	Malaysia	**100**	100
Mahkota Medical Centre Sdn. Bhd. ("MMCSB") [b] [e]	Hospital and healthcare services	Malaysia	**48.95**	48.95
Mahkota Medical Group Sdn. Bhd. ("MMGSB") [b] [f]	Investment holding	Malaysia	**48.95**	48.95
Regency Specialist Hospital Sdn. Bhd. ("RSHSB") [b] [g]	Hospital and healthcare services	Malaysia	**29**	29

31. Listing of companies in the Group (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding* 2015 %	Equity holding* 2014 %
Held by MMCSB (48.95% held by the Company)				
Mahkota Realty Sdn. Bhd. (b)	Dormant	Malaysia	**75**	75
Mahkota Land Sdn. Bhd. (b)	Property investment	Malaysia	**75**	75
PT. Mahkota Healthcare Services (b)	Hospital management and consulting services	Indonesia	**95**	95
Held by MMGSB (48.95% held by the Company)				
Regency Specialist Hospital Sdn. Bhd. ("RSHSB") (b) (g)	Hospital and healthcare services	Malaysia	**65**	65
Held by RSHSB (60.82%% held by the Company)				
Regency Specialist Hospital (S) Pte. Ltd. (a)	Hospital management and consulting services	Singapore	**100**	100
Associated corporations (held by the Company)				
Nathill Track (M) Sdn. Bhd. (c)	Dormant	Malaysia	**30**	30
Mahkota Commercial Sdn. Bhd. ("MCSB") (d)	Holding company of investment properties	Malaysia	**48.95**	48.95
Regency Healthcare Sdn. Bhd. ("RHSB") (d)	Dormant	Malaysia	**35**	35
Regency Medical Centre (Seri Alam) Sdn. Bhd. (d)	Development and lease of a hospital building	Malaysia	**29**	29
Panodahlia Sdn. Bhd. (b) (h)	Healthcare education and training	Malaysia	**43.45**	43.45
Silver Uptown Sdn. Bhd. (i)	Investment holding	Malaysia	**50**	–

31. Listing of companies in the Group (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding* 2015 %	Equity holding* 2014 %
Held by MCSB (48.95% held by the Company)				
Mahkota Realty Sdn. Bhd. (b)	Dormant	Malaysia	**25**	25
Raspuri Sdn. Bhd. (d)	Dormant	Malaysia	**100**	100
Mahkota Land Sdn. Bhd. (b)	Property investment	Malaysia	**25**	25
Pancastle Sdn. Bhd. (d)	Dormant	Malaysia	**100**	100
Regency Healthcare Sdn. Bhd. ("RHSB")(d)	Dormant	Malaysia	**65**	65
Regency Medical Centre (Seri Alam) Sdn. Bhd. (d)	Development and lease of a hospital building	Malaysia	**65**	65
Held by RHSB (66.82% held by the Company)				
Regency Medical Centre (Sungai Petani) Sdn. Bhd. (d)	Dormant	Malaysia	**85**	85

(a) Audited by PricewaterhouseCoopers LLP, Singapore
(b) Audited by PricewaterhouseCoopers, Malaysia
(c) Audited by BKR Peter Chong, Malaysia
(d) Audited by Crowe Horwath, Malaysia
(e) Although the Company holds 48.95% equity interest in MMCSB, pursuant to an agreement signed by the shareholders of MMCSB on 21 September 2002, the Company exercises control over the Board of Directors, by having the power to cast majority votes at meetings of the Board of Directors, and accordingly considers MMCSB as a subsidiary.
(f) Although the Company holds 48.95% equity interest in MMGSB, pursuant to an agreement signed by the shareholders of MMGSB on 22 October 2008, the Company exercises control over the Board of Directors by, having the power to cast majority votes at meetings of the Board of Directors, and accordingly considers MMGSB as a subsidiary.
(g) The Company controls directly and indirectly interest of 29% and 31.82% respectively and accordingly considers RSHSB a subsidiary.
(h) The Company operates Mahkota Institute of Health Sciences and Nursing.
(i) The Company acquired 50% of the issued and paid-up capital of Silver Uptown Sdn. Bhd. ("SUSB") on 12 June 2015.
* Equity holding refers to the equity holding by the respective entity referred above.

32. Events occurring after balance sheet date

On 21 September 2015, the Company and its subsidiary, Mahkota Medical Group Sdn. Bhd. subscribed to 43,500 and 97,500 redeemable convertible preference shares of RM 100 each in Regency Specialist Hospital Sdn. Bhd., another subsidiary of the Company, respectively. Each of the 141,000 redeemable convertible preference shares issued has a par value of RM 0.01 and a premium of RM 99.99 each.

33. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Health Management International Ltd on 25 September 2015.

SUPPLEMENTARY INFORMATION

(A) Leasehold land and leasehold buildings of the Group as set out in Note 16 to the financial statements held by subsidaries include the following:-

Location	Description	Gross Floor Area (Sq ft)	Tenure	Group's effective interest in the property
Held by Mahkota Medical Centre Sdn Bhd ("MMCSB")				
No. 3 Mahkota Melaka, Jalan Merdeka, 75000 Melaka [a]	Basement, Ground Floor, 1st, 2nd, 3rd and 5th floor of Mahkota Medical Centre for facilities support and hospital use; Medical suites, administration office and nursing college at 2nd, 3rd, 4th and 9th floor of Mahkota Medical Centre; Patient wards at 6th, 7th and 8th floor of Mahkota Medical Centre	251,359	99 years commencing from 19 July 2002	48.95%
Lot 1349, Kawasan Bandar XLII, Melaka Tengah, Melaka [a]	Car park	46,812	95 years commencing from 16 November 2007	48.95%
Lot 1344, Kawasan Bandar XLII, Melaka Tengah, Melaka [a]	Car park	115,884	99 years commencing from 19 July 2002	48.95%

(B) Land and buildings of the Group held by associated corporations include the following:-

Location	Description	Gross Floor Area (Sq ft)	Tenure	Group's effective interest in the property
Held by Mahkota Commercial Sdn Bhd ("MCSB")				
No. 3 Mahkota Melaka, Jalan Merdeka, 75000 Melaka [a]	Medical suite at 4th floor of Mahkota Medical Centre	344	99 years commencing from 19 July 2002	48.95%
Held by Regency Medical Centre (Seri Alam) Sdn Bhd (subsidiary of MCSB)				
HS(D) 239043, PTD 111517, Mukim Plentong, Daerah Johor Bahru, Negeri Johor [b]	Hospital building and land	413,613	Freehold	60.82%

[a] Valuation performed by Henry Butcher Malaysia (Malacca) Sdn. Bhd.

[b] Valuation performed by KGV International Property Consultants (Johor) Sdn Bhd

STATISTICS OF SHAREHOLDINGS

As at 18 September 2015

Class of shares	: Ordinary shares
Voting rights	: One vote for each ordinary share
Number of issued shares	: 577,272,286
Number of issued shares excluding treasury shares	: 577,071,286
Number of treasury shares	: 201,000 (0.03%)

Distribution of Shareholdings as at 18 September 2015

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	60	1.42	1,809	0.00
100 – 1,000	1,522	35.90	1,447,985	0.25
1,001 – 10,000	1,382	32.59	6,251,297	1.08
10,001 – 1,000,000	1,230	29.01	84,942,826	14.72
1,000,001 and above	46	1.08	484,427,369	83.95
Total	**4,240**	**100.00**	**577,071,286**	**100.00**

Twenty Largest Shareholders as at 18 September 2015

No.	Name of Shareholders	No. of Shares	%
1	Nam See Investment Pte Ltd	279,883,673	48.50
2	Raffles Nominees (Pte) Limited	42,800,498	7.42
3	Cheah Way Mun	16,163,602	2.80
4	DBS Nominees (Private) Limited	12,790,683	2.22
5	Beh Chun Chuan	10,210,800	1.77
6	Tan Han Shing Richard	7,824,325	1.36
7	Kaka Singh S/O Dalip Singh	6,436,168	1.12
8	OCBC Securities Private Limited	6,359,087	1.10
9	Allplus Holdings Pte Ltd	6,000,150	1.04
10	Phillip Securities Pte Ltd	5,853,496	1.01
11	United Overseas Bank Nominees (Private) Limited	5,698,115	0.99
12	Gan See Khem	5,164,600	0.89
13	HSBC (Singapore) Nominees Pte Ltd	4,704,100	0.82
14	Gan Cheong Or @ Ngan Chong Hoo	4,433,000	0.77
15	Ching Kwok Choy	4,415,483	0.77
16	Chuah Ah Nooi	3,930,288	0.68
17	Hartono Tjahjadi	3,823,500	0.66
18	Ng Chee Fatt	3,599,600	0.62
19	Chern Chian (Chen Qian)	3,300,000	0.57
20	Tan Seng Hock	3,290,000	0.57
	Total	**436,681,168**	**75.68**

Direct Interest and Deemed Interest of Substantial Shareholders as at 18 September 2015

Name of Substantial Shareholders	Registered in the name of the substantial shareholders	Shareholdings in which substantial shareholders are deemed to have an interest
Nam See Investment (Pte) Ltd	279,883,673	–
Dr Gan See Khem	5,164,600	289,733,195[a]
Dr Chin Koy Nam	1,524,000	293,373,795[b]
Kabouter Management, LLC	–	42,659,765[c]

Note:

[a] Dr Gan See Khem is deemed to have interest in the shares held by Nam See Investment (Pte) Ltd, her spouse and her children.

[b] Dr Chin Koy Nam is deemed to have interest in the shares held by Nam See Investment (Pte) Ltd, his spouse and his children.

[c] Kabouter Management, LLC is deemed to be interested in the shares of Health Management International Ltd which are held through funds managed by Kabouter Management, LLC.

Percentage of Shareholdings held in the Public Hands as at 18 September 2015

Based on the information available to the Company as at 18 September 2015, there are approximately 38.27% of the total number of issued shares excluding treasury shares of the Company held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited which requires at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed at all times held by the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of HEALTH MANAGEMENT INTERNATIONAL LTD (the "**Company**") will be held at:

Venue : Hall 4, Level 1, Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, Singapore 609607

Date/Time : Thursday, 22 October 2015 at 4:00 p.m.

to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 30 June 2015 together with the Auditors' Report thereon. **[Resolution 1]**

2. To re-elect Mr Gan Lai Chiang, Andy ("**Mr Gan**"), retiring by rotation pursuant to Article 95 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

   Mr Gan, if re-elected, will remain as Chairman of Audit and Risk Management Committee and a member of Nominating Committee and Remuneration Committee. Mr Gan is considered as an Independent non-executive Director of the Company. **[Resolution 2]**

3. To re-elect Ms Chin Wei Jia, retiring pursuant to Article 96 of the Company's Articles of Association and who, being eligible, offers herself for re-election. **[Resolution 3]**

4. To approve the payment of Directors' Fees to the Independent non-executive Directors of the Company of S$190,149 for the financial year ended 30 June 2015 (2014: S$181,093.50). **[Resolution 4]**

5. To re-appoint Messrs PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **[Resolution 5]**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares in the capital of the Company** **[Resolution 6]**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, the "**instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in paragraph (2) below), of which the aggregate number of shares (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(d) unless revoked or varied by the Company in a general meeting, the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the instruments, made or granted to this Resolution, until the issuance of such shares in accordance with the terms of the instruments.

[See Explanatory Note (i)]

7. **Authority to issue shares under the HMI Employee Share Option Scheme and the HMI Performance Share Plan** **[Resolution 7]**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be and are hereby empowered to offer and grant options under the HMI Employee Share Option Scheme (the "**Scheme**") and share awards under the HMI Performance Share Plan (the "**Plan**"); and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, and the vesting of share awards under the Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate total number of issued shares to be issued pursuant to the Scheme and the Plan shall not exceed fifteen per cent (15%) of the total number of issued shares in the capital of the Company excluding treasury shares from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

8. **The Proposed Renewal of the Share Buy Back Mandate** **[Resolution 8]**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the directors of the Company (the "**Directors**") be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s),

as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable, be and is hereby authorized and approved generally and unconditionally (the "**Share Buy Back Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company ("**AGM**") is held or is required by law to be held;

(ii) the date on which the share buybacks are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

(d) for purposes of this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

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

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(e) any of the Directors be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (iii)]

9. To transact any other business as may properly be transacted at an Annual General Meeting of the Company.

By order of the Board

Mr Lo Kim Seng
Company Secretary
7 October 2015
Singapore

EXPLANATORY NOTES

(i) The Resolution 6 in item 6 above, if passed, will authorise the Directors of the Company, from the date of this Annual General Meeting of the Company until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding fifty per cent (50%) the total number of issued shares in the capital of the Company excluding treasury shares, of which the total number of issued shares to be issued other than on a pro rata basis, up to a number not exceeding twenty per cent (20%) of the total number of issued shares in the capital of the Company excluding treasury shares.

For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities; (b) new shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution 6 is passed; and (c) any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting of the Company until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the capital of the Company pursuant to the exercise of options granted or to be granted under the Scheme and the vesting of share awards granted or to be granted under the Plan up to a number not exceeding in total (for the entire duration of the Scheme and the Plan) fifteen (15%) per cent of the total number of issued shares in the capital of the Company excluding treasury shares from time to time.

(iii) The Resolution 8 in item 8 above, if passed, will authorise the Directors of the Company, from the date of this Annual General Meeting of the Company until the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, or the date on which the share buybacks are carried out to the full extent mandated, or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to purchase or otherwise acquire ordinary shares in the capital of the Company not exceeding in aggregate the ten (10%) per cent of the issued ordinary share capital of the Company excluding any treasury shares at such price up to the Maximum Price (as defined above) as at the date of the passing of this Resolution 8. The details of the proposed renewal of the share buy back mandate are set out in the circular accompanying this annual report.

NOTES

1. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his or her stead.

2. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the instrument appointing a proxy or proxies must be executed either under its common seal or signed by its attorney or by an officer on behalf of the corporation.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 7 Temasek Boulevard, #12-10 Suntec Tower One, Singapore 038987 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting of the Company.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting of the Company 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) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing 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), 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) 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.

HEALTH MANAGEMENT INTERNATIONAL LTD

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

IMPORTANT:

1. For investors who have used their CPF monies to buy shares in Health Management International Ltd, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.
   Personal Data Privacy
   By submitting an instrument appointing a proxy or proxies and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of annual general meeting dated 7 October 2015.

PROXY FORM

(Please see notes overleaf before completing this Proxy Form)

*I/We ______________________________

of ______________________________

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

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company (the "**Meeting**") to be held at Hall 4, Level 1, Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, Singapore 609607 on Thursday, 22 October 2015 at 4:00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Seventeenth Annual General Meeting of the Company. In the absence of specific directions, your proxy or proxies will vote or abstain from voting as he/she/they may think fit, as he/she/they will on vote any other matter arising at the Seventeenth Annual General Meeting of the Company.)

	Ordinary Resolutions	TO BE USED IN THE EVENT OF A POLL: Number of Votes For	TO BE USED IN THE EVENT OF A POLL: Number of Votes Against
1	Adoption of Audited Financial Statements of the Company for the financial year ended 30 June 2015 together with the Reports of the Directors and Auditors thereon		
2	Re-election of Mr Gan Lai Chiang, Andy, retiring pursuant to Article 95 of the Articles of Association of the Company		
3	Re-election of Ms Chin Wei Jia, retiring pursuant to Article 96 of the Articles of Association of the Company.		
4	Approval of payment of Directors' Fees of S$190,149 for the financial year ended 30 June 2015.		
5	Re-appointment of Messrs PricewaterhouseCoopers LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.		
6	Authority to issue shares in the capital of the Company.		
7	Authority to issue shares under the HMI Employee Share Option Scheme and the HMI Performance Share Plan		
8	Proposed Renewal of the Share Buy Back Mandate		

Dated this ____________ day of ________________ 2015

Total number of shares held

____

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

*Delete accordingly

FOLD HERE FOR SEALING

PLEASE AFFIX
30 CENTS
POSTAGE
STAMP HERE

The Company Secretary
HEALTH MANAGEMENT INTERNATIONAL LTD
7 Temasek Boulevard
#12-10 Suntec Tower One
Singapore 038987

FOLD HERE

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his or her stead. A proxy need not be a member of the Company.

3. Where a member of the Company appoints two proxies, he or she shall specify the proportion of his or her shareholding (expressed as a percentage of the whole) to be represented by each proxy. However, if no such proportion is specified, the first named proxy may be treated as representing the entire number of shares entered against his or her name in the Depository Register and Register of Members, and any second named proxy as an alternate to the first named proxy.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 7 Temasek Boulevard, #12-10 Suntec Tower One, Singapore 038987 not less than forty-eight (48) hours before the time fixed for holding the Annual General Meeting of the Company.

5. This instrument appointing a proxy or proxies must be under the hand of the appointor or his or her attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed by its attorney or by an officer on behalf of the corporation.

6. A corporation which is a member of the Company may also authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting of the Company in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or 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.

8. In the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at forty-eight (48) hours before the time fixed for holding the Annual General Meeting of the Company as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

Board of Directors

Dr Gan See Khem
Executive Chairman and
Managing Director

Ms Chin Wei Jia
Executive Director and
Group Chief Executive Officer

Dr Cheah Way Mun
Independent Non-Executive Director

Mr Gan Lai Chiang, Andy
Lead Independent Director

Professor Tan Chin Tiong
Independent Non-Executive Director

Audit and Risk Management Committee

Mr Gan Lai Chiang, Andy - Chairman
Professor Tan Chin Tiong
Dr Cheah Way Mun

Nominating Committee

Professor Tan Chin Tiong - Chairman
Mr Gan Lai Chiang, Andy
Dr Cheah Way Mun

Remuneration Committee

Professor Tan Chin Tiong - Chairman
Mr Gan Lai Chiang, Andy
Dr Cheah Way Mun

Company Secretary

Mr Lo Kim Seng

Registered Office

7 Temasek Boulevard #12-10
Suntec Tower One
Singapore 038987
Tel: (65) 6804 9888
Fax:(65) 6253 8259
Website: www.hmi.com.sg

Share Registrar

Boardroom Corporate & Advisory
Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355

Independent Auditors

PricewaterhouseCoopers LLP
8 Cross Street #17-00
PWC Building
Singapore 048424
Tel: (65) 6236 3388

Audit Partner-in-charge:
Ms Tan Khiaw Ngoh
Year of appointment: 2013

Health Management International Ltd

(Company Registration No. 199805241E)

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

T (65) 6804 9888
F (65) 6253 8259

www.hmi.com.sg