

CIRCULAR DATED 7 OCTOBER 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is circulated to the shareholders (the “**Shareholders**”) of Health Management International Ltd (the “**Company**”) together with the Company’s annual report for financial year ended 30 June 2015 (the “**Annual Report 2015**”). The purpose of this Circular is to provide Shareholders with information relating to the proposed renewal of the Share Buy Back Mandate (as defined herein), and to seek Shareholders’ approval for the same at the Annual General Meeting to be held on **22 October 2015 at Hall 4, Level 1, Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, Singapore 609607 at 4.00 p.m..**

The Notice of Annual General Meeting and the Proxy Form are enclosed with the Annual Report 2015.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward the Annual Report 2015, the Notice of Annual General Meeting, the Proxy Form and this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



HEALTH MANAGEMENT INTERNATIONAL LTD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

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DEFINITIONS

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

- “ACRA”** : Accounting and Corporate Regulatory Authority.
- “Act”** : The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time.
- “AGM”** : The annual general meeting of the Company to be held on 22 October 2015 at Hall 4, Level 1, Devan Nair Institute for Employment and Employability, 80 Jurong East Street 21, Singapore 609607 at 4.00 p.m..
- “Annual Report 2015”** : The Company’s annual report for the financial year ended 30 June 2015.
- “Associate”** : (a) In relation to any Director, chief executive officer, Substantial Shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) in relation to a Substantial Shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- “Board”** : The board of Directors of the Company as at the date of this Circular.
- “CDP”** : The Central Depository (Pte) Limited.
- “Circular”** : This Circular to Shareholders dated 7 October 2015.
- “Company”** : Health Management International Ltd.
- “Director”** : A person holding office as a director of the Company for the time being.
- “EPS”** : Earnings per Share.

DEFINITIONS

“FY”	: The financial year ended or ending 30 June.
“Group”	: The Company and its subsidiaries.
“immediate family”	: In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent.
“Latest Practicable Date”	: 28 September 2015, being the latest practicable date prior to the printing of this Circular.
“Listing Manual”	: The Listing Manual of the SGX-ST, as may be amended, modified or supplemented from time to time.
“Market Day”	: A day on which the SGX-ST is open for trading in securities.
“Notice of AGM”	: The Notice of Annual General Meeting dated 7 October 2015.
“NTA”	: Net tangible assets.
“Securities Account”	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent.
“SGX-ST”	: Singapore Exchange Securities Trading Limited.
“Share Buy Back Mandate”	: The general mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares upon and subject to the terms of such mandate.
“Shareholders”	: Registered holders of Shares, except that where the registered holder is the CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts.
“Shares”	: Ordinary shares in the capital of the Company.
“Substantial Shareholder”	: A person who has an interest in the voting shares in the Company representing not less than 5% of all the voting shares.
“Take-over Code”	: The Singapore Code on Take-overs and Mergers, and all practice notes, rules and guidelines thereunder, as may from time to time be issued or amended.

DEFINITIONS

- “treasury shares”** : Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances in which Section 76H of the Act applies and have been held by the Company continuously since the treasury share was so purchased.
- “\$” or “S\$” and “cents”** : Singapore dollars and cents respectively, being the lawful currency of Singapore.
- “RM” and “sen”** : Ringgit and sen respectively, being the lawful currency of Malaysia.
- “%” or “per cent.”** : Per centum or percentage.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Act. The term **“subsidiary”** shall have the meaning ascribed to it in Section 5 of the Act.

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

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any term defined under the Act, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Act, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

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

LETTER TO SHAREHOLDERS

HEALTH MANAGEMENT INTERNATIONAL LTD

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

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*)

Registered Office:

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

7 October 2015

To: The Shareholders of Health Management International Ltd

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

1. INTRODUCTION

The Directors wish to refer to (i) the Notice of AGM accompanying the Annual Report 2015, convening the AGM, and (ii) Resolution 8 set out in the Notice of AGM, being the ordinary resolution for the proposed renewal of the Share Buy Back Mandate.

The purpose of this Circular is to provide Shareholders with information relating to the proposed renewal of the Share Buy Back Mandate, and to seek Shareholders' approval for the same at the AGM. The SGX-ST assumes no responsibility for the accuracy of any statements made or opinions expressed or reports contained in this Circular.

2. THE PROPOSED RENEWAL OF THE SHARE BUY BACK MANDATE

2.1 Background

At the Company's extraordinary general meeting held on 28 October 2014, Shareholders approved the adoption of the Share Buy Back Mandate, such mandate being expressed to take effect until the conclusion of the next annual general meeting or the date by which such annual general meeting is required by law to be held; unless prior thereto, buy backs of the Shares are carried out to the full extent mandated or the Share Buy Back Mandate is varied or revoked by the Shareholders in a general meeting. Accordingly, the Directors propose that the Share Buy Back Mandate be renewed at the forthcoming AGM.

The terms in respect of which the Share Buy Back Mandate is sought to be renewed are set out in this Circular.

LETTER TO SHAREHOLDERS

2.2 Rationale for the Share Buy Back Mandate

The Share Buy Back Mandate will give the Directors the flexibility to purchase or acquire the Shares of the Company if and when circumstances permit. The Directors believe that Share buy backs provide the Company and its Directors with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. It also allows the Directors to exercise greater control over the Company's share capital structure and dividend payout.

The buy back of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS of the Company, and will only be made when the Directors believe that such buy backs would benefit the Company and its Shareholders.

Repurchased Shares which are held in treasury may be transferred for the purposes of employee share schemes implemented by the Company. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy Back Mandate will only be made when the Directors believe that such purchases or acquisitions would be made in circumstances which would not have a material adverse effect on the financial position or listing status of the Company.

2.3 Authority and Limits on the Share Buy Back Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buy Back Mandate are summarised below:

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 10% of the issued share capital of the Company as at the date of the AGM, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the relevant period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered. For purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares will be disregarded.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 577,071,286 Shares (excluding 201,000 treasury shares held by the Company as at the Latest Practicable Date) and assuming that no further Shares are issued on or prior to the AGM, not more than 57,707,128 Shares (representing 10% of the issued and paid-up share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate.

LETTER TO SHAREHOLDERS

2.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM at which the Share Buy Back Mandate is renewed, up to the earlier of:

- (a) the conclusion of the next annual general meeting or the date by which such annual general meeting is required by law to be held;
- (b) the date on which the buy backs of the Shares are carried out to the full extent mandated; or
- (c) the date on which the authority conferred in the Share Buy Back Mandate is varied or revoked by the Shareholders in a general meeting.

2.3.3 Manner of Purchase of Shares

Purchases of Shares may be made by way of, *inter alia*:

- (a) on-market purchases ("**Market Purchase**"), transacted on the SGX-ST through the SGX-ST's ready market trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) off-market purchases ("**Off-Market Purchase**") (if 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 may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Listing Manual.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy Back Mandate, the Listing Manual and the Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme(s). An Off-Market Purchase must, however, satisfy all the following conditions:

- (i) the offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (a) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (b) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share buy back;
- (iv) the consequences, if any, of Share buy backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share buy back, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (vi) details of any Share buy back made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases in accordance with an equal access scheme), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Maximum Purchase Price

The purchase price per Share (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, up to 120% of the Average Closing Price (as defined hereinafter),

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) 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

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“**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, 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.

2.4 Status of Shares Purchased by the Company

2.4.1 Cancellation

Any Share which is purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Act, be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to that Share will expire on cancellation. The total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Act) will be automatically de-listed by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.4.2 Treasury Shares

Under the Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Act are summarised below:

(i) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company’s assets (including any distribution of assets to members on a winding up) may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

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(iii) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Rule 704(28) of the Listing Manual requires that the Company immediately announce any sale, transfer, cancellation and/or use of treasury shares stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of treasury shares sold, transferred, cancelled and/or used;
- (d) number of shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.5 Source of Funds for the Share Buy Back

In buying back Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with its Memorandum and Articles of Association, and the applicable laws in Singapore. The Company may not buy Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. The buy back of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent (as defined in Section 76F(4) of the Act).

When Shares are purchased or acquired, and cancelled:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the "**Purchase Price**");
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits by the total amount of the Purchase Price; or

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- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits proportionately by the total amount of the Purchase Price.

The Company may use internal resources and/or external borrowings to finance purchases of its Shares pursuant to the Share Buy Back Mandate.

The Directors do not propose to exercise the Share Buy Back Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially adversely affected.

2.6 Take-over Implications under the Singapore Code on Take-overs and Mergers

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.6.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.6.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of the company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

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- (f) directors of a company, (together with their close relatives, related trusts and companies controlled by any of them), which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in its ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.6.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy Back Mandate.

Based on the shareholdings of the Directors in the Company as at the Latest Practicable Date, none of the Directors and parties acting in concert with them will become obligated to make a mandatory offer by reason only of the buy back of 57,707,128 Shares by the Company pursuant to the Share Buy Back Mandate.

The Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Buy Back Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

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2.7 Financial Impact

2.7.1 General

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analyses set out below are based on the audited financial statements of the Company for FY2015 and are not necessarily representative of the future financial performance of the Group. Although the Share Buy Back Mandate would authorise the Company to buy back up to 10% of the Company's issued Shares, the Company may not necessarily buy back or be able to buy back 10% of the issued Shares in full.

2.7.2 Financial Effects of the Share Buy Back Mandate

It is not possible for the Company to realistically calculate or quantify the financial effects of purchases or acquisitions that may be made pursuant to the Share Buy Back Mandate, as it would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased are held in treasury or cancelled.

The Directors do not propose to exercise the Share Buy Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Company. The purchase of the Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Company, and the prevailing market conditions. The Share Buy Back Mandate will be exercised with a view to enhance the earnings and/or NTA value per Share of the Company. The financial effects presented in this Section of this Circular are based on the assumptions set out below.

(a) *Information as at the Latest Practicable Date*

As at the Latest Practicable Date, the Company has 577,071,286 issued Shares (excluding 201,000 treasury shares).

(b) *Purchase or Acquisition out of Profits and/or Capital*

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will not affect the amount available for distribution in the form of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of retained profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for distribution in the form of cash dividends by the Company.

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(c) *Purchase or Acquisition out of Internal Resources and/or External Borrowing*

Where the purchase or acquisition of Shares is financed through internal resources, it will reduce the cash reserves, the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would also be a similar increase in the gearing ratios and a decline in the current ratios of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

The impact of purchases or acquisitions under the Share Buy Back Mandate on net asset value, EPS and gearing of the Company and the Group will depend, *inter alia*, on the number of Shares purchased or acquired, the price at which they are purchased or acquired and the manner in which the purchase or acquisition is funded. It is therefore not possible to realistically calculate or quantify the impact at this point of time.

(d) *Number of Shares Acquired or Purchased*

Based on the 577,071,286 issued and paid-up Shares as at the Latest Practicable Date, disregarding the 201,000 ordinary shares held in treasury, and assuming no further Shares are issued and no Shares are held by the Company as treasury shares on or prior to the AGM, the purchase or acquisition by the Company of up to the maximum limit of 10% of its issued Shares will entail a purchase or acquisition of 57,707,128 Shares.

(e) *Maximum Price Paid for Shares Purchased or Acquired*

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 57,707,128 Shares (representing 10% of its issued Shares) at the Maximum Price of S\$0.280 per Share (being the price equivalent to 105% of the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required is S\$16,157,996 excluding brokerage, commission, applicable goods and services tax and other related expenses.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 57,707,128 Shares (representing 10% of its issued Shares) at the Maximum Price of S\$0.320 per Share (being the price equivalent to 120% of the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive Market Days immediately preceding the Latest Practicable Date), the maximum amount of funds required is S\$18,466,281 excluding brokerage, commission, applicable goods and services tax and other related expenses.

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(f) *Illustrative Financial Effects*

For illustrative purposes only and on the basis of the assumptions set out above, the financial effects of:

- (i) the acquisition of 10% Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy Back Mandate by way of purchases made entirely out of capital and held as treasury shares; and
- (ii) the acquisition of 10% Shares by the Company in a Market Purchase or Off-Market Purchase pursuant to the Share Buy Back Mandate by way of purchases made entirely out of capital and cancelled,

on the audited financial results of the Company for FY2015, are set out below:

(i) ***Purchases made entirely out of capital and held as treasury shares***

Market Purchases

RM '000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Share Capital	90,564	90,564	90,564	90,564
Treasury Shares	(47)	(49,943)	(47)	(49,943)
Other Reserves	12,208	12,208	19,338	19,338
Retained Earnings/ (Accumulated Losses)	41,654	41,654	(10,066)	(10,066)
Total Shareholders' Equity	144,379	94,483	99,789	49,893
Shareholders' Funds/Net Assets	205,129	155,233	99,789	49,893
Current Assets	144,154	94,258	48,349	(1,547)
Current Liabilities	97,363	97,363	19,460	19,460
Total Borrowings	40,576	40,576	16,235	16,235
Profits/(Losses) attributable to Shareholders	27,643	27,643	(7,655)	(7,655)
No. of Shares ('000)	577,071	519,364	577,071	519,364
Financial Ratios				
Net Tangible Assets per Share (sen)	35.55	30.03	17.29	9.61
Gearing Ratio (times) ⁽¹⁾	0.20	0.26	0.16	0.33
Current Ratio (times) ⁽²⁾	1.48	0.97	2.48	(0.08)
Earnings/(Losses) per Share (sen) ⁽³⁾	4.79	5.32	(1.33)	(1.47)

Notes:

- (1) Gearing Ratio represents the ratio of Total Borrowings to Shareholders' Funds;
- (2) Current Ratio represents the ratio of Current Assets to Current Liabilities;
- (3) Earnings/(Losses) per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

LETTER TO SHAREHOLDERS

Off-Market Purchases

RM '000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Share Capital	90,564	90,564	90,564	90,564
Treasury Shares	(47)	(57,070)	(47)	(57,070)
Other Reserves	12,208	12,208	19,338	19,338
Retained Earnings/ (Accumulated Losses)	41,654	41,654	(10,066)	(10,066)
Total Shareholders' Equity	144,379	87,356	99,789	42,766
Shareholders' Funds/Net Assets	205,129	148,106	99,789	42,766
Current Assets	144,154	87,131	48,349	(8,674)
Current Liabilities	97,363	97,363	19,460	19,460
Total Borrowings	40,576	40,576	16,235	16,235
Profits/(Losses) attributable to Shareholders	27,643	27,643	(7,655)	(7,655)
No. of Shares ('000)	577,071	519,364	577,071	519,364

Financial Ratios

Net Tangible Assets per Share (sen)	35.55	28.52	17.29	8.23
Gearing Ratio (times) ⁽¹⁾	0.20	0.27	0.16	0.38
Current Ratio (times) ⁽²⁾	1.48	0.89	2.48	(0.45)
Earnings/(Losses) per Share (sen) ⁽³⁾	4.79	5.32	(1.33)	(1.47)

Notes:

- (1) Gearing Ratio represents the ratio of Total Borrowings to Shareholders' Funds;
(2) Current Ratio represents the ratio of Current Assets to Current Liabilities;
(3) Earnings/(Losses) per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

(ii) Purchases made entirely out of capital and cancelled

Market Purchases

RM '000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Share Capital	90,564	40,668	90,564	40,668
Treasury Shares	(47)	(47)	(47)	(47)
Other Reserves	12,208	12,208	19,338	19,338
Retained Earnings/ (Accumulated Losses)	41,654	41,654	(10,066)	(10,066)
Total Shareholders' Equity	144,379	94,483	99,789	49,893
Shareholders' Funds/Net Assets	205,129	155,233	99,789	49,893
Current Assets	144,154	94,258	48,349	(1,547)
Current Liabilities	97,363	97,363	19,460	19,460
Total Borrowings	40,576	40,576	16,235	16,235
Profits/(Losses) attributable to Shareholders	27,643	27,643	(7,655)	(7,655)
No. of Shares ('000)	577,071	519,364	577,071	519,364

LETTER TO SHAREHOLDERS

RM '000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Financial Ratios				
Net Tangible Assets per Share (sen)	35.55	29.89	17.29	9.61
Gearing Ratio (times) ⁽¹⁾	0.20	0.26	0.16	0.33
Current Ratio (times) ⁽²⁾	1.48	0.97	2.48	(0.08)
Earnings/(Losses) per Share (sen) ⁽³⁾	4.79	5.32	(1.33)	(1.47)

Notes:

- (1) Gearing Ratio represents the ratio of Total Borrowings to Shareholders' Funds;
(2) Current Ratio represents the ratio of Current Assets to Current Liabilities;
(3) Earnings/(Losses) per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

Off-Market Purchases

RM '000	Group		Company	
	Before Buy Back	After Buy Back	Before Buy Back	After Buy Back
Share Capital	90,564	33,541	90,564	33,541
Treasury Shares	(47)	(47)	(47)	(47)
Other Reserves	12,208	12,208	19,338	19,338
Retained Earnings/ (Accumulated Losses)	41,654	41,654	(10,066)	(10,066)
Total Shareholders' Equity	144,379	87,356	99,789	42,766
Shareholders' Funds/Net Assets	205,129	148,106	99,789	42,766
Current Assets	144,154	87,131	48,349	(8,674)
Current Liabilities	97,363	97,363	19,460	19,460
Total Borrowings	40,576	40,576	16,235	16,235
Profits/(Losses) attributable to Shareholders	27,643	27,643	(7,655)	(7,655)
No. of Shares ('000)	577,071	519,364	577,071	519,364

Financial Ratios				
Net Tangible Assets per Share (sen)	35.55	28.52	17.29	8.23
Gearing Ratio (times) ⁽¹⁾	0.20	0.27	0.16	0.38
Current Ratio (times) ⁽²⁾	1.48	0.89	2.48	(0.45)
Earnings/(Losses) per Share (sen) ⁽³⁾	4.79	5.32	(1.33)	(1.47)

Notes:

- (1) Gearing Ratio represents the ratio of Total Borrowings to Shareholders' Funds;
(2) Current Ratio represents the ratio of Current Assets to Current Liabilities;
(3) Earnings/(Losses) per Share on existing issued share capital is computed based on the weighted average number of Shares in issue during the year.

The above *pro forma* financial effects are for illustrative purposes only. Although the Share Buy Back Mandate would authorise the Company to purchase up to 10% of the issued Shares, the Company may not necessarily purchase or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

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2.8 Taxation

Section 10J of the Income Tax Act, Chapter 134 of Singapore, stipulates that when a company purchases or acquires its own shares from a shareholder using funds other than contributed capital of the company, the payment by the company shall be deemed to be a dividend paid by the company to the shareholder. Accordingly, the Company will, in repurchasing its own Shares out of profits, be deemed to have paid a dividend to the Shareholders from whom the Shares are purchased.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Buy Back Mandate or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

2.9 Interested Persons

The Company is prohibited from knowingly buying Shares on the SGX-ST from an interested person, that is, a Director, the chief executive officer or a controlling shareholder of the Company, or any of their Associates, and an interested person is prohibited from knowingly selling his Shares to the Company.

2.10 Reporting Requirements under the Act

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

Within 30 days of a purchase of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including, *inter alia*, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company.

2.11 Applicable Rules of the Listing Manual

2.11.1 The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of the total number of issued Shares excluding treasury shares is at all times held by the public. The "public" is defined under "Definitions and Interpretation" of the Listing Manual as persons other than the directors, chief executive officer, substantial shareholders and controlling shareholders of the Company or its subsidiary companies, as well as the Associates of such persons.

As at the Latest Practicable Date, 220,640,657 Shares representing approximately 38.23% of the issued share capital of the Company are held in the hands of the public. For illustrative purposes only, assuming that the Company repurchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of a Market Purchase, the percentage of Shares excluding treasury shares held by the public would be approximately 31.37%.

The Directors will use their best efforts to ensure that the Company does not effect buy backs of Shares if the buy back of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status and orderly trading of the Shares of the Company.

LETTER TO SHAREHOLDERS

2.11.2 Under Rule 884 of the Listing Manual, a listed company may only purchase or acquire shares by way of a market acquisition at a price per share which is not more than 5% above the average closing market price. The term “average closing market price” is defined as the average of the closing market prices of shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which purchases are made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 2.3.4 of this Circular, conforms to this restriction.

Additionally, Rule 886 of the Listing Manual also specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its shares; and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

for purchase, the date of purchase, the total number of shares purchased, the purchase price per share or (in the case of Market Purchases), the purchase price per share or the highest price and lowest price per share, the total consideration paid for the shares and the number of issued shares after purchase, in the form prescribed under Appendix 8.3.1 of the Listing Manual.

While the Listing Manual does not expressly prohibit any purchase by a listed company of its shares during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced.

Further, in conformity with Rule 1207(19) of the Listing Manual, the Company will observe the best practices on dealings in securities, such that the Company will not purchase or acquire any Shares during the period commencing two (2) weeks before the announcement of the Company’s financial statements for each of the first three (3) quarters of its FY and one (1) month before the announcement of its full year financial statements.

2.12 Details of the Shares Bought by the Company in the Previous 12 Months

No purchases or acquisitions of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

LETTER TO SHAREHOLDERS

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in Shares as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders' Shareholdings respectively as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	% of total issued Shares ⁽¹⁾	No. of Shares	% of total issued Shares ⁽¹⁾
<u>Directors</u>				
Dr. Gan See Khem ⁽²⁾	5,164,600	0.89%	289,733,195	50.21%
Ms. Chin Wei Jia	4,742,400	0.82%	–	–
Dr. Cheah Way Mun	16,238,602	2.81%	–	–
Mr. Gan Lai Chiang, Andy	–	–	–	–
Professor Tan Chin Tiong	2,285,627	0.40%	–	–
<u>Substantial Shareholders (other than Directors)</u>				
Nam See Investment (Pte) Ltd	279,883,673	48.50%	–	–
Dr. Chin Koy Nam ⁽³⁾	1,524,000	0.26%	293,373,795	50.84%
Kabouter Management, LLC ⁽⁴⁾	–	–	42,659,765	7.39%

Notes:

- (1) Based on the total number of issued Shares of 577,071,286 excluding treasury shares as at the Latest Practicable Date.
- (2) Dr. Gan See Khem is deemed to have an interest in the Shares held by Nam See Investment (Pte) Ltd, her spouse, Dr. Chin Koy Nam, and her children.
- (3) Dr. Chin Koy Nam is deemed to have an interest in the Shares held by Nam See Investment (Pte) Ltd, his spouse, Dr. Gan See Khem, and his children.
- (4) 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.

4. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed renewal of the Share Buy Back Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 8, being the ordinary resolution relating to the proposed renewal of the Share Buy Back Mandate, at the AGM.

LETTER TO SHAREHOLDERS

5. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf must complete, sign and return the Proxy Form attached to the Annual Report 2015 in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 7 Temasek Boulevard, #12-10 Suntec Tower One, Singapore 038987 not less than 48 hours before the time fixed for the AGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked in such event.

A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register at least 48 hours before the time fixed for the AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

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

7. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 7 Temasek Boulevard, #12-10 Suntec Tower One, Singapore 038987 during normal business hours from the date of this Circular up to the date of the AGM:

- (a) the Annual Report 2015; and
- (b) the Memorandum and Articles of Association of the Company.

Yours faithfully
for and on behalf of
Health Management International Ltd

Dr. Gan See Khem
Executive Chairman and Managing Director

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