



HMI commits S\$40.0 million for a majority stake acquisition in StarMed Specialist Centre

- Purchase gives HMI a 62.5% stake in Singapore's first private one-stop ambulatory care centre; initial focus on cardio-vascular, digestive, minimally invasive surgeries and diagnostic services
- Partners with a group of experienced specialists in the development of StarMed which spans four floors covering approximately 16,000 sq. ft.
- Aims to create a unique value proposition of providing quality and affordable healthcare at competitive pricing

SINGAPORE – 14 May 2018 – Health Management International Ltd (“HMI” or the “Group”), a growing regional private healthcare provider that owns two tertiary hospitals in Malaysia and a healthcare training centre in Singapore, has announced the acquisition of a 62.5% equity stake in StarMed @ Farrer Square Pte Ltd (“**StarMed@FS**”) for a consideration of S\$6.9 million. In addition, the Group will inject a S\$1.9 million shareholders loan while assuming obligations of up to S\$31.2 million worth of loans, which is in proportion to its shareholdings.

StarMed@FS owns StarMed Specialist Centre (“**StarMed**”), a new one-stop day-surgery and multi-disciplinary medical centre that offers quality clinical services at competitive private sector prices. The centre is conveniently situated above Farrer Park MRT station and co-located with the 300-room Park Hotel Farrer Park. StarMed spans approximately 16,000 square feet across four floors.

It is planned that services at StarMed will be competitively priced, making quality private healthcare affordable and accessible for local and foreign patients. StarMed will initially focus on cardio-vascular, digestive services and minimally invasive surgeries. Along with a day-surgery centre, additional facilities include a diagnostic and interventional radiology centre, an endoscopy centre, a multi-disciplinary medical centre, day care beds and private rooms. Renovation at the site is on-going and operations are expected to officially commence in the second half of 2018.

In Singapore, the number of surgical procedures conducted amounted to over 800,000 in 2016 with day procedures contributing to approximately 37% of the total. The growth in day procedures has continued to outpace inpatient procedures, growing at a 16-year cumulative average growth rate (“**CAGR**”) of 7.6% as compared to 2.1% growth rate for inpatient procedures. This trend is set to continue as many procedures are subsidised at flat rates by the Ministry of Health (“**MOH**”) and patients are increasingly taking up day surgeries for the convenience of same-day discharge. Moreover, due to the bed crunch scenario facing hospitals today, the MOH and hospitals alike are focused on increasing day surgeries to reduce bed occupancy rates.

Similarly, Singapore has seen a growing demand for diagnostic imaging services, growing at a CAGR of 6.8% from 2008 to 2015. Structural shifts have driven this trend as increasing per capita healthcare spending, an ageing population and expanding insurance coverage has led to an increase in demand for imaging. A preference towards early diagnosis and less invasive procedures has also contributed to the rise, where the demand for diagnostic imaging is expected to grow at a CAGR of 8.9% from 2015 to 2026¹.

The Group's Chief Executive Officer Ms Chin Wei Jia said, "Globally, there has been an increasing trend towards ambulatory care as facilities today can provide high-quality, cost-effective, convenient and comfortable experiences for patients and their families. Against this backdrop, we are excited about the potential of StarMed in light of rising demand for day surgeries and diagnostic imaging in Singapore.

"In line with our growth strategies aimed at enhancing shareholder value, this investment allows us to enter the private healthcare landscape in Singapore with a group of experienced specialists as we look to continue serving the rising healthcare needs of the region. More importantly, we are delighted to partner with doctors who share our vision in providing quality healthcare at affordable prices."

StarMed Medical Director and cardiologist **Dr Peter Ting** said, "For years, HMI has been known for its efforts in providing quality healthcare services. With the support of their experienced management team that has charted growth on a larger scale at their two hospitals; our team of specialists are delighted to be working with HMI towards a common vision of delivering quality and affordable healthcare. As healthcare costs continue to rise, this unique value proposition we are seeking to create is based on price transparency, ensuring that patients are able to make more informed decisions about their needs."

The cash consideration of S\$8.8 million will be funded from proceeds of Heliconia Capital Management Pte Ltd's S\$11.0 million placement in November 2017. HMI will, severally and in proportion to its shareholdings, guarantee certain obligations of StarMed, which includes the existing mortgage term loan and loans to fund the purchase of medical equipment. The amounts guaranteed by HMI are limited to SGD31.2 million in aggregate. The transaction is not expected to have significant impact on the net tangible assets or earnings per share of the Group for the current financial year ending 30 June 2018.

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About Health Management International Ltd

Health Management International Ltd ("**HMI**" or the "**Group**") is a growing regional private healthcare provider with presence in Singapore, Malaysia and Indonesia. The Group owns two tertiary hospitals in Malaysia, a healthcare training centre in Singapore and a network of representative offices in Indonesia, Malaysia and Singapore.

¹ Sources: Singapore Department of Statistics (Day surgery) & BMI Reports (Inpatient procedures, Diagnostic Imaging)

Established in 1994, Mahkota Medical Centre (“**Mahkota**”) is HMI’s flagship hospital located in the heart of Malacca, a UNESCO World Heritage Site and a popular destination for medical care and leisure. The 288-bed hospital is the largest private tertiary hospital in South Malaysia, offering a comprehensive suite of healthcare services and the first and only hospital in Malacca to offer nuclear medicine services. It is also a leader in Malaysia medical tourism, serving close to 100,000 international patients per year and named the “Malaysia Medical Tourism Hospital of the Year” by Frost & Sullivan in 2015 and 2016.

The Group’s second hospital, Regency Specialist Hospital (“**Regency**”) operational since 2009, is one of the fastest growing private tertiary hospitals in Malaysia. Strategically located within the fast developing and vibrant Iskandar Malaysia, the special economic zone in the state of Johor, the 218-bed Regency is easily accessible via land, sea or air from Singapore, Indonesia and the region. It is the only private hospital in Malaysia with a 24-hour Emergency & Trauma Centre, providing round the clock specialist attention and medical care to both local and international patients.

HMI’s healthcare training centre, the HMI Institute of Health Sciences, is a Skills Future Singapore accredited Continuing Education and Training Centre for the healthcare support sector. It has trained over 110,000 individuals in healthcare and life-saving skills.

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

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