

Scheme Document

DATED 3 OCTOBER 2019



Health Management International Ltd

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



Financial Adviser to
PanAsia Health Limited



Independent Financial Adviser
to the Independent Directors
of Health Management
International Ltd

**PROPOSED ACQUISITION BY PANASIA HEALTH LIMITED
OF ALL THE ISSUED ORDINARY SHARES IN THE
CAPITAL OF HEALTH MANAGEMENT INTERNATIONAL
LTD BY WAY OF A SCHEME OF ARRANGEMENT**



YOUR VOTE COUNTS

Please vote in person or by proxy

ALL CAPITALISED TERMS SHALL, IF NOT OTHERWISE DEFINED, HAVE THE SAME MEANINGS AS ASCRIBED TO THEM IN THIS SCHEME DOCUMENT.

IF YOU ARE IN ANY DOUBT ABOUT THIS SCHEME DOCUMENT OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all or any of your HMI Shares, you should immediately hand this Scheme Document and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Scheme Document.

**THIS SCHEME DOCUMENT IS
IMPORTANT AND REQUIRES
YOUR IMMEDIATE ATTENTION.
PLEASE READ IT CAREFULLY.**

Scheme Consideration

- (i) **S\$0.730 in cash; OR**
- (ii) **one Offeror Share,
at an issue price of
S\$0.730 per Offeror
Share**

for each HMI Share

IMPORTANT DATES AND TIMES

Last date and time for lodgement
of Proxy Form

16 October 2019, 3.00 p.m.

Date and time of Scheme Meeting

18 October 2019, 3.00 p.m.

Venue of Scheme Meeting

Devan Nair Institute for Employment and
Employability
Hall 3, Level 1
80 Jurong East Street 21
Singapore 609607

DETAILS ABOUT THE SCHEME

- The Offeror, indirectly wholly-controlled by EQT GP, proposes to acquire all the issued ordinary shares of HMI by way of a scheme of arrangement under Section 210 of the Companies Act
- A scheme of arrangement is an established process for acquiring 100% shareholding of a company through a vote at a shareholders' meeting and Court approval

YOUR VOTE COUNTS

If you are unable to attend the Scheme Meeting on 18 October 2019 at 3.00 p.m., please see pages 8 and 9 of this section on how to complete your Proxy Form.

- If the Scheme is successful, you will receive at your election S\$0.730 in cash per HMI Share OR 1 Offeror Share at an issue price of S\$0.730 per Offeror Share for each HMI Share in lieu of cash⁽¹⁾⁽²⁾
 - If the Scheme is approved at the Scheme Meeting and by the Court, there will be an election process whereby you will be required to complete the Election Form and indicate your preference for the Cash Consideration or Securities Consideration. If no election is made by a HMI Shareholder, the HMI Shareholder will receive the Cash Consideration
- If the Scheme is not successful, the Offeror will not acquire any HMI Shares or make any payment under the Scheme. HMI Shares will remain traded on the SGX-ST

(1) Provided always that no more than 686,218,454 HMI Shares may be elected for the Securities Consideration under the Scheme. Please refer to pages 21 to 24 of the Scheme Document for more details.

(2) Please note that the Offeror Shares will not be listed on any securities exchange when allotted and issued on the date of settlement of the Scheme Consideration.



APPROVAL OF THE SCHEME

Two conditions must be met for the Scheme to be approved by HMI Shareholders at the Scheme Meeting:

Condition 1

>50%

“Headcount” Condition:

Of the total number of HMI Shareholders present and voting in person or by proxy at the Scheme Meeting, more than 50% by headcount vote to approve the Scheme.



Condition 2

≥75%

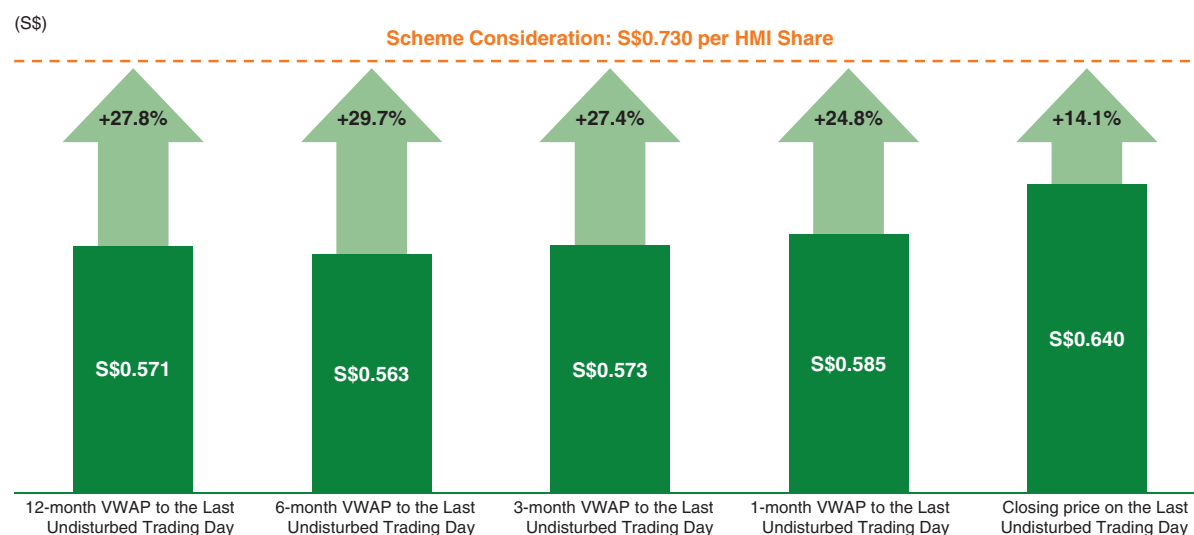
“Value” Condition:

Of the HMI Shares voted by HMI Shareholders present and voting in person or by proxy at the Scheme Meeting, at least 75% of the value of such HMI Shares are voted to approve the Scheme.

RATIONALE FOR THE SCHEME

A Opportunity for HMI Shareholders to realise their investment at an attractive valuation

A1 Scheme Consideration represents an attractive premium to prevailing market prices⁽¹⁾



Source: Bloomberg, L.P. as at 14 June 2019.

- (1) Up to and including 14 June 2019 (the “**Last Undisturbed Trading Day**”), being the last full trading day immediately preceding the date on which the Company first released the holding announcement in respect of a possible transaction, i.e. 17 June 2019.

A2 Since its listing in 1999 until the Joint Announcement Date⁽¹⁾, the closing share price of HMI Shares has only exceeded the Scheme Consideration on one trading day



Source: Bloomberg, L.P. as at 14 June 2019.

- (1) 5 July 2019, being the date of the joint announcement by the Company and the Offeror in relation to *inter alia*, the Acquisition and the Scheme.
- (2) An announcement was made on 11 November 2016 on HMI's proposed consolidation of its ownership in Mahkota Medical Centre and Regency Specialist Hospital.

A3**Opportunity for HMI Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity of HMI Shares**

Period up to and including the Last Undisturbed Trading Day	1-month	3-month	6-month
Average daily trading volume⁽¹⁾	328,345	226,922	170,012
Average daily trading volume as a percentage of total outstanding HMI Shares⁽²⁾⁽³⁾	0.04%	0.03%	0.02%

Source: Bloomberg, L.P. as at 14 June 2019.

- (1) Calculated using the total volume of HMI Shares traded divided by the number of days on which HMI Shares were traded on the SGX-ST, with respect to the relevant period.
- (2) Calculated using the average daily trading volume of HMI Shares for the relevant period divided by the total number of HMI Shares in issue as at the Latest Practicable Date, expressed as a percentage.
- (3) Rounded to the nearest two decimal places.

B**StarMed start-up costs**

- StarMed commenced the soft launch of its operations in September 2018 and the Company has announced that it expects gestation start-up costs from StarMed's operations to be incurred for potentially up to three years
- HMI Shareholders can avoid any potential share price volatility that may arise due to fluctuations in earnings as a result of the gestation start-up costs

C**Access to an efficient source of capital in support of the Company's future growth**

- Current healthcare sector is competitive and challenging, and the Company requires a significant amount of capital for potential strategic investments
- Partnering with EQT provides HMI with access to an efficient source of capital, as well as access to EQT's global network of advisers and track record

D**Scheme Consideration**

- HMI Shareholders will have an option to elect for the Securities Consideration in lieu of the Cash Consideration, subject to the Adjustment Mechanism. However, the Offeror Shares are in a private offshore entity and subject to certain risks and restrictions as referred to in the Scheme Document. HMI Shareholders are advised to read the Scheme Document, in particular, Schedule E of Appendix C to this Scheme Document on the risk factors relating to the Offeror Shares, in its entirety

OPINION OF THE IFA

An extract of the opinion of the independent financial adviser to the Independent Directors in the IFA Letter is set out below:

“

Having considered the factors and the assumptions set out in this letter, and subject to the qualifications set out herein, we are of the opinion that the financial terms of the Scheme are **fair and reasonable**.

Accordingly, we advise the Independent Directors to recommend that HMI Shareholders **vote in favour of** the Scheme at the Scheme Meeting.

”

IT IS IMPORTANT THAT YOU READ THIS EXTRACT TOGETHER WITH AND IN THE CONTEXT OF THE IFA LETTER IN FULL, WHICH CAN BE FOUND IN APPENDIX B TO THIS SCHEME DOCUMENT. YOU ARE ADVISED AGAINST RELYING SOLELY ON THIS EXTRACT, WHICH IS MEANT ONLY TO DRAW YOUR ATTENTION TO THE CONCLUSION AND OPINION OF THE IFA.



RECOMMENDATION OF THE INDEPENDENT DIRECTORS

An extract of the recommendation by the Independent Directors is set out below:

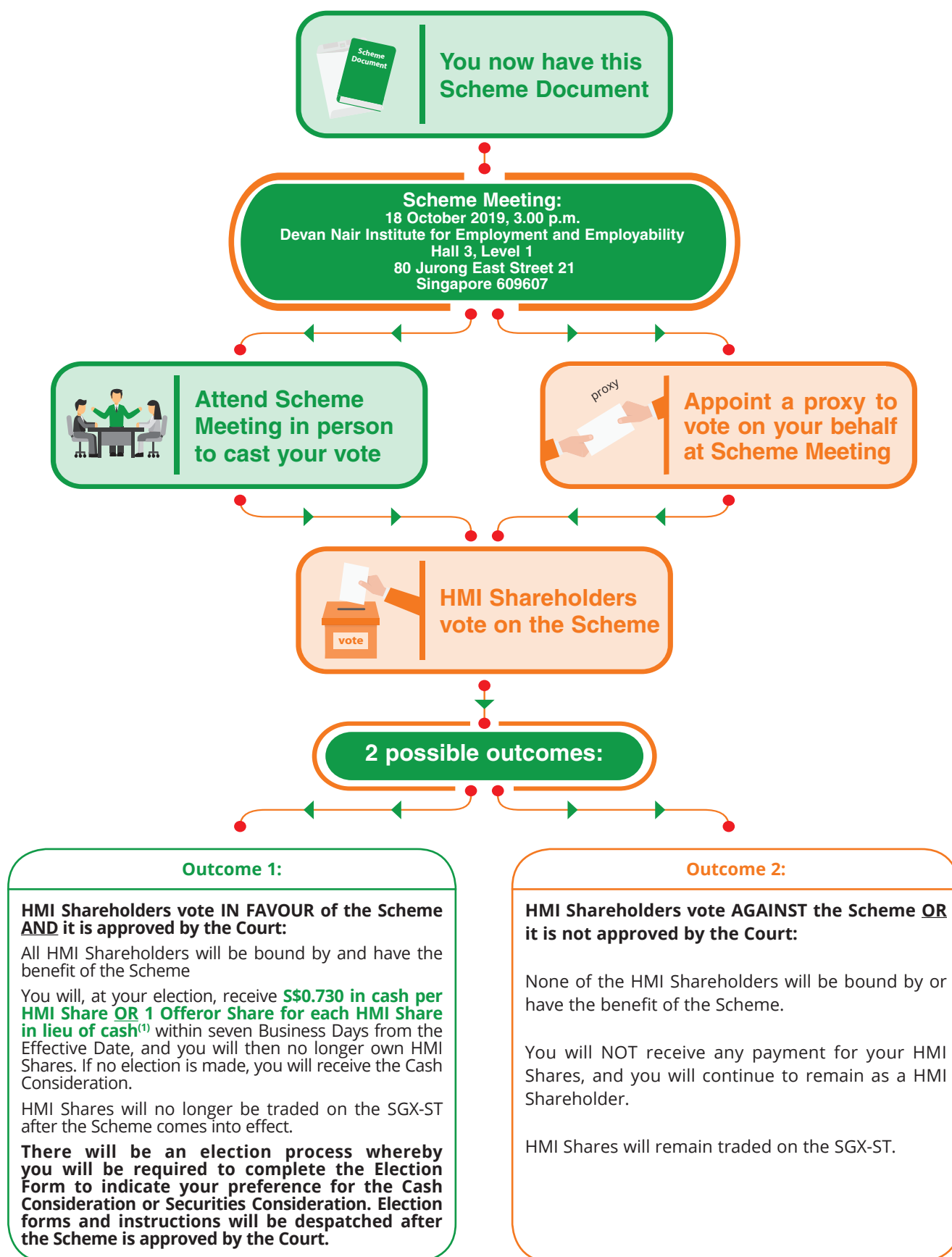
“

The Independent Directors, having considered carefully the terms of the Scheme and the advice given by the IFA in the IFA Letter as set out in Appendix B to this Scheme Document, recommend that HMI Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

”

IT IS IMPORTANT THAT YOU READ THIS EXTRACT TOGETHER WITH AND IN THE CONTEXT OF THE LETTER TO HMI SHAREHOLDERS IN FULL, WHICH CAN BE FOUND BETWEEN PAGES 15 AND 41 OF THIS SCHEME DOCUMENT. YOU ARE ADVISED AGAINST RELYING SOLELY ON THIS EXTRACT, WHICH IS MEANT ONLY TO DRAW YOUR ATTENTION TO THE RECOMMENDATION BY THE INDEPENDENT DIRECTORS.

DETAILS ON SCHEME MEETING AND NEXT STEPS



(1) Provided always that no more than 686,218,454 HMI Shares may be elected for the Securities Consideration under the Scheme. Please refer to pages 21 to 24 of this Scheme Document for more details.

DETAILS ON PROXY FORM

If you are unable to attend the Scheme Meeting in person, you may nominate someone you know, or the Chairman of the Scheme Meeting, to vote on your behalf by completing the Proxy Form.

STEP 1: Locate the Proxy Form

The Proxy Form is located at the back of this Scheme Document, and can also be obtained from:

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, #32-01 Singapore Land Tower
Singapore 048623

Operating hours: Monday to Friday: 8.30 a.m. to 5.30 p.m.

STEP 2: Complete the Proxy Form

A

B

C

PROXY FORM FOR SCHEME MEETING

IMPORTANT:

1. The individuals who have used their CPF/SRS monies to buy the HMI Shares, the Scheme Document is forwarded to them at the request of their CPF/SRS approved nominee and is sent solely FOR THEIR INFORMATION ONLY.

2. This Proxy Form is not valid for use by CPFIS investors or SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

3. CPFIS investors or SRS investors who wish to attend the Scheme Meeting as OBSERVERS have to submit their requests through their respective CPF Agent Banks or SRS Agent Banks so that their CPF/SRS Agent Banks may register with the Share Registrar.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy and/or representative, the HMI Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Scheme Meeting dated 3 October 2019.

"I/We _____ (Name)
_____ (NRIC No./Passport No./Company Registration No.)
of _____ (Address)
being a "member/members Health Management International Ltd (the "Company"), hereby appoint:

Name	Address	NRIC No./Passport No./Company Registration No.

or failing "him/her, the Chairman of the Scheme Meeting as "my/our proxy to attend and to vote for "me/us and on "my/our behalf at the Scheme Meeting to be held at Devan Nair Institute for Employment and Employability, Hall 3, Level 1, 80 Joojong East Street 21, Singapore 609607 on 18 October 2019 at 3.00 p.m. and at any adjournment thereof, for the purpose of considering and, if thought fit, approving the scheme of arrangement referred to in the notice convening the Scheme Meeting, and at such Scheme Meeting (or at any adjournment thereof) to vote for "me/us and in "my/our name(s) for the said Scheme or against the said Scheme as indicated.

"I/We direct our proxy to vote for or against the Scheme to be proposed at the Scheme Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy will vote or abstain from voting at "his/her name(s) as she will on any other matter arising at the Scheme Meeting (or any adjournment thereof). If no person is named in the above boxes, the Chairman of the Scheme Meeting shall be "my/our proxy to vote for or against the Scheme to be proposed at the Scheme Meeting, for "me/us and on "my/our behalf at the Scheme Meeting and at any adjournment thereof.

If you wish to vote "FOR" the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked "FOR" as set out below. If you wish to vote "AGAINST" the Scheme to be proposed at the Scheme Meeting, please indicate with a tick (✓) in box marked "AGAINST" as set out below. **DO NOT TICK BOTH BOXES.**

Resolution	For	Against
To approve the scheme of arrangement		

* Delete accordingly

Dated this _____ day of _____ 2019

Total number of HMI Shares held

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

IMPORTANT: PLEASE READ THE NOTES TO THE PROXY FORM ON NEXT PAGE

A Fill in your name and particulars.

"I/We Henry Wong Siu Fa _____ (Name)
SXXXXXXXT _____ (NRIC No./Passport No./Company Registration No.)
of Blk XX Bishan Street XX #05-789 S123456
(Address) being a "member/members Health Management International Ltd (the "Company"), hereby appoint:

B You may fill in the details of the appointee or leave this section blank. The Chairman of the Scheme Meeting will be the appointee if this section is left blank.

Name	Address	NRIC No./Passport No./Company Registration No.
Victor Low Meng Yu	Blk XX Lorong 2 #01-123 Toa Payoh S123456	SXXXXXXXT

C Indicate your vote by ticking in the box labelled FOR or AGAINST. DO NOT TICK BOTH BOXES.

Resolution	For	Against
To approve the scheme of arrangement	✓	

PROXY FORM FOR SCHEME MEETING

IMPORTANT:

- For investors who have used their CPF/SRS monies to buy the HMI Shares, the Scheme Document is forwarded to them at the request of their CPF/SRS approved nominees and is sent solely FOR THEIR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPFIS Investors or SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPFIS Investors or SRS Investors who wish to attend the Scheme Meeting as OBSERVERS have to submit their requests through their respective CPF Agent Banks or SRS Agent Banks so that their CPF/SRS Agent Banks may register with the Share Registrar.

PERSONAL DATA PRIVACY
By submitting an instrument appointing a proxy and/or representative, the HMI Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Scheme Meeting dated 3 October 2019.

"I/We _____ (Name)
_____ (NRIC No./Passport No./Company Registration No.)
of _____ (Address)
being a "member/members Health Management International Ltd (the "Company"), hereby appoint:

Name	Address	NRIC No./Passport No./ Company Registration No.

or failing "him/her, the Chairman of the Scheme Meeting or my proxy to attend and to vote for "me/us and on "my/our behalf at the Scheme Meeting to be held at the Fair Institute for Employment and Employability, Hall 3, Level 1, 80 Jurong East Street #11, Singapore 609607 on 18 October 2019 at 3.00 p.m. and at any adjournment thereof, of the proposed considering and, if thought fit, approving the scheme of arrangement referred to in the notice convening the Scheme Meeting, and at such Scheme Meeting (or at any adjournment thereof) to vote for "me/us and in "my/our name(s) for the said Scheme or against the said Scheme as hereunder indicated.

"I/We direct "my/our proxy to vote "FOR at the Scheme to be proposed at the Scheme Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy will vote or abstain from voting at "his/her discretion, as "he/she sees fit on any other matter arising at the Scheme Meeting (or any adjournment thereof). If no person is given in the above boxes, the Chairman of the Scheme Meeting shall be "my/our proxy to vote "FOR at the Scheme to be proposed at the Scheme Meeting, for "me/us and on "my/our behalf at the Scheme Meeting and at any adjournment thereof.

If you wish to vote "FOR or "AGAINST the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked "FOR" as set out below. If you wish to vote "AGAINST" the Scheme to be proposed at the Scheme Meeting, please indicate with a tick (✓) in box marked "AGAINST" as set out below. **DO NOT TICK BOTH BOXES.**

Resolution	For	Against
To approve the scheme of arrangement		

* Delete accordingly

Dated this _____ day of _____, 2019

Total number of HMI Shares held


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

IMPORTANT: PLEASE READ THE NOTES TO THE PROXY FORM ON NEXT PAGE

D

Sign off on the space provided and insert the date.

Dated this XX day of XXXX, 2019



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

E

Indicate the number of Scheme Shares you hold.

Total number of HMI Shares held
XX,XXX

D

E

STEP 3: Return the completed Proxy Form

Return the completed and signed Proxy Form in the enclosed pre-addressed envelope so that it arrives at Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, **BY NO LATER THAN 3.00 p.m. on 16 October 2019**. Please affix sufficient postage on the envelope.

2nd fold here Do not staple. Glue all sides firmly.

Affix
Postage
Stamp

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
Share Registrar of
Health Management International Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

3rd fold here

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : 16 October 2019 at 3.00 p.m.

CPFIS Investors, SRS Investors and other investors owning HMI Shares through a bank, broker or any other intermediaries should contact their respective CPF Agent Banks, SRS Agent Banks, banks, brokers or intermediaries **immediately** so as to provide voting instructions ahead of the last date and time for lodgement of Proxy Form.

Date and time of Scheme Meeting : 18 October 2019 at 3.00 p.m.

Venue of Scheme Meeting : Devan Nair Institute for Employment and Employability
Hall 3, Level 1
80 Jurong East Street 21
Singapore 609607

Expected Books Closure Date⁽¹⁾ : 19 November 2019, 5.00 p.m.

Expected date of despatch of Election Forms : 22 November 2019

Expected latest date and time for submission of Election Forms : 6 December 2019, 5.00 p.m.

Expected Effective Date : 20 December 2019

Expected date for payment of the Scheme Consideration : By 30 December 2019

Expected date for the delisting of the HMI Shares : By 14 January 2020

The important dates, times and place relating to the Scheme Meeting and the Expected Timetable are set out on page 13 of the Scheme Document. The above timetable is indicative and subject to change. Your attention is also drawn to the notes under the Expected Timetable.

(1) The date to be announced (before the Effective Date) by the Company, on which the Transfer Books and Register of Members will be closed in order to determine the entitlement of the HMI Shareholders in respect of the Scheme.

WHO TO CONTACT IF YOU NEED HELP

If you require further assistance or information, please contact:

➤ **For investor enquiries relating to the Scheme, please contact:**

Credit Suisse (Singapore) Limited
Investment Banking and Capital Markets
Tel: +65 6212 2000

➤ **For media enquiries, please contact:**

Mr. James Bywater
Financial PR
Tel: +65 6438 2990 (Office)
+65 9478 4937 (Mobile)
Email: james@financialpr.com.sg

IMPORTANT NOTICE

The information in this section is qualified by, and should be read in conjunction with, the full information contained in the rest of this Scheme Document. If there should be any inconsistency or conflict between this section and the rest of this Scheme Document, the terms set out in this Scheme Document shall prevail. Nothing in this section is intended to be, or shall be taken as, advice, a recommendation or a solicitation to the HMI Shareholders or any other party.

HMI Shareholders are advised to exercise caution when dealing in their HMI Shares and refrain from taking any action in relation to their HMI Shares which may be prejudicial to their interests.

All capitalised terms shall, if not otherwise defined, have the same meanings as ascribed to them in this Scheme Document.

GLOSSARY OF TERMS

“Cash Consideration”	:	S\$0.730 in cash per HMI Share
“Company” or “HMI”	:	Health Management International Ltd
“Effective Date”	:	The date on which the Scheme becomes effective in accordance with its terms
“EQT GP”	:	EQT Mid Market Asia III GP B.V., a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its office address at Cornelis Schuytstraat 74, 1071 JL Amsterdam, the Netherlands, registered with the commercial register of the Chambers of Commerce under number 64683869
“HMI Shareholders”	:	Persons who are registered as holders of the HMI Shares in the Register of Members and Depositors who have HMI Shares entered against their names in the Depository Register
“Offeror”	:	PanAsia Health Limited
“Offeror Shares”	:	Ordinary shares in the capital of the Offeror
“Scheme”	:	The scheme of arrangement under Section 210 of the Companies Act dated 3 October 2019 as set out in Appendix O of this Scheme Document (as may be amended or modified from time to time)
“Scheme Meeting”	:	The meeting of the HMI Shareholders to be convened pursuant to the order of the Court to approve the Scheme and any adjournment thereof, notice of which is set out in Appendix P to this Scheme Document
“Securities Consideration”	:	One new Offeror Share per HMI Share which the Offeror shall allot and issue duly authorised, fully paid up and free from all Encumbrances, at the Issue Price of S\$0.730 per Offeror Share

TABLE OF CONTENTS

DEFINITIONS	1
FORWARD-LOOKING STATEMENTS	12
EXPECTED TIMETABLE	13
CORPORATE INFORMATION	14
LETTER TO HMI SHAREHOLDERS	15
1. INTRODUCTION	15
2. OFFEROR'S RATIONALE FOR THE ACQUISITION AND FUTURE INTENTIONS FOR THE COMPANY	17
3. THE ACQUISITION AND THE SCHEME	21
4. VOTING AND/OR ELECTION UNDERTAKINGS	27
5. ADDITIONAL UNDERTAKINGS	29
6. NO CASH OUTLAY	31
7. WAIVER OF RIGHTS TO A GENERAL OFFER	31
8. APPROVALS REQUIRED	31
9. ABSTENTION FROM VOTING ON THE SCHEME	32
10. DELISTING	33
11. CONFIRMATION OF FINANCIAL RESOURCES	33
12. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS	33
13. INDEPENDENT DIRECTORS' RECOMMENDATION	37
14. DIRECTORS' INTERESTS AND INTENTIONS WITH RESPECT TO THEIR HMI SHARES	38
15. GENERAL INFORMATION AND INFORMATION ABOUT IMPLEMENTATION OF THE SCHEME INCLUDING ELECTION AND SETTLEMENT PROCEDURES	38
16. OVERSEAS SHAREHOLDERS	38
17. ACTION TO BE TAKEN BY HMI SHAREHOLDERS	40
18. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS	40
19. DIRECTORS' RESPONSIBILITY STATEMENTS	40

TABLE OF CONTENTS

APPENDIX A	–	EXPLANATORY STATEMENT	A-1
APPENDIX B	–	LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS. .	B-1
APPENDIX C	–	LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS. .	C-1
APPENDIX D	–	GENERAL INFORMATION RELATING TO COMPANY.	D-1
APPENDIX E	–	EXTRACTS FROM THE COMPANY’S CONSTITUTION	E-1
APPENDIX F	–	AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2018.	F-1
APPENDIX G	–	UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE HMI GROUP FOR FY2019.	G-1
APPENDIX H	–	VALUATION REPORTS	H-1
APPENDIX I	–	SCHEME CONDITIONS	I-1
APPENDIX J	–	PRESCRIBED OCCURRENCES	J-1
APPENDIX K	–	OFFEROR’S REPRESENTATIONS AND WARRANTIES	K-1
APPENDIX L	–	COMPANY’S REPRESENTATIONS AND WARRANTIES	L-1
APPENDIX M	–	OBLIGATIONS OF THE OFFEROR.	M-1
APPENDIX N	–	OBLIGATIONS OF THE COMPANY	N-1
APPENDIX O	–	THE SCHEME	O-1
APPENDIX P	–	NOTICE OF SCHEME MEETING.	P-1

PROXY FORM FOR SCHEME MEETING

DEFINITIONS

In this Scheme Document, the following definitions shall apply throughout unless the context otherwise requires:

“Acquisition”	:	The proposed acquisition of all the HMI Shares by the Offeror
“Acquisition Debt Financing”	:	Any debt facilities obtained or to be obtained by the Offeror or its affiliates in relation to, or in connection with the Acquisition, including any debt facilities to be obtained for the purposes of refinancing any such first-mentioned facilities
“Additional Undertakings”	:	The undertakings provided by each of NSI, Dr. Gan See Khem, Ms. Chin Wei Jia and Mr. Chin Wei Yao to NewCo, as more particularly described in paragraph 5.1 of the Letter to HMI Shareholders
“Adjustment Mechanism”	:	The adjustment mechanism to determine the number of Offeror Shares to be allotted and issued to an Entitled HMI Shareholder who has elected to receive the Securities Consideration in the event the aggregate number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number, as more particularly described in paragraph 3.1(b) of the Letter to HMI Shareholders
“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“Award”	:	A contingent award of HMI Shares granted under the HMI PSP 2017
“Board”	:	The board of directors of the Company
“Books Closure Date”	:	The date to be announced (before the Effective Date) by the Company on which the Transfer Books and Register of Members will be closed in order to determine the entitlements of the HMI Shareholders in respect of the Scheme
“Business Day”	:	A day (other than Saturday, Sunday or a public holiday) on which commercial banks are open for business in Singapore
“Cash Consideration”	:	S\$0.730 in cash per HMI Share
“CDP”	:	The Central Depository (Pte) Limited
“Code”	:	The Singapore Code on Take-overs and Mergers

DEFINITIONS

“Competing Offer”	:	Any expression of interest, offer or proposal by any person other than the Offeror involving (a) a sale, transfer or other disposal of any direct or indirect interest in some or all of the shares in a Relevant HMI Group Company or substantially all of the assets, business and/or undertakings of a Relevant HMI Group Company; (b) a general offer for the shares in a Relevant HMI Group Company; (c) a scheme of arrangement involving a Relevant HMI Group Company or the merger of a Relevant HMI Group Company with any other company (whether by way of joint venture, reverse takeover bid, dual listed company structure or otherwise); or (d) any other arrangement having an effect similar to any of (a) to (c), including a merger or amalgamation proposal For the purpose of this definition, a Competing Offer will be deemed to be for substantially all of the assets, business and/or undertakings of a Relevant HMI Group Company if the relevant assets, business and/or undertakings in question constitute a “material amount” as defined in Note 2 on Rule 5 of the Code
“Companies Act”	:	Companies Act, Chapter 50 of Singapore
“Company” or “HMI”	:	Health Management International Ltd
“Conditions Long-Stop Date”	:	5 January 2020 (being the date falling six (6) months from the date of the Implementation Agreement) or such other date as the Parties may agree in writing
“Constitution”	:	The constitution of the Company
“Court”	:	The High Court of the Republic of Singapore
“Court Order”	:	The order of the Court sanctioning the Scheme under Section 210 of the Companies Act
“CPF”	:	The Central Provident Fund of Singapore
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	CPF Investment Scheme
“CPFIS Investors”	:	Investors who purchased HMI Shares using their CPF savings under the CPFIS
“Directly-Held HMI Shares”	:	HMI Shares held by an Entitled HMI Shareholder as a Depositor or in scrip form registered in its name

DEFINITIONS

“Directors”	:	The directors of the Company as at the Latest Practicable Date
“Effective Date”	:	The date on which the Scheme becomes effective in accordance with its terms
“Electing Party”	:	An Entitled HMI Shareholder who is holding Directly-Held HMI Shares or the Depository Agent (for and on behalf of each sub-account holder who is holding Indirectly-Held HMI Shares), as more particularly described in paragraph 3.3 of the Letter to HMI Shareholders
“Election Closing Date”	:	The last day of the Election Period
“Election Form”	:	The election form (to be despatched by the Offeror (or on its behalf) on the Election Forms Despatch Date to the Entitled HMI Shareholders) by which the Entitled HMI Shareholders shall elect to receive either the Cash Consideration or the Securities Consideration
“Election Forms Despatch Date”	:	A date after the Books Closure Date, being no later than three (3) Business Days after the Books Closure Date or such other date as may be agreed between the Parties
“Election Period”	:	A period of ten (10) Business Days or such other period as may be agreed by the Parties, commencing from the Election Forms Despatch Date
“Electronic Election”	:	Elections by Entitled Depository Agents on behalf of each sub-account holder who holds HMI Shares via the SGX-SFG service provided by the CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents
“Encumbrance”	:	Any charge, mortgage, lien, hypothecation, hire purchase, judgment, encumbrance, easement, security, title retention, preferential right, trust arrangement or any other security interest or any other agreement, arrangement or obligation to create any of the foregoing
“Entitled Depository Agents”	:	Entitled HMI Shareholders who are Depository Agents
“Entitled HMI Shareholders”	:	HMI Shareholders as at 5.00 p.m. on the Books Closure Date
“Equity Financing”	:	Any equity financing to be provided to the Offeror through NewCo

DEFINITIONS

“EQT GP”	:	EQT Mid Market Asia III GP B.V., a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) under the laws of the Netherlands, having its official seat in Amsterdam, the Netherlands, and its office address at Cornelis Schuytstraat 74, 1071 JL Amsterdam, the Netherlands, registered with the commercial register of the Chambers of Commerce under number 64683869
“EQT LP”	:	EQT Mid Market Asia III Limited Partnership, a limited partnership under the laws of England and Wales, having its office address at Cornelis Schuytstraat 74, 1071 JL Amsterdam, the Netherlands, registered with Companies’ House under number LP017107
“EQT Singapore”	:	EQT Partners Singapore Pte Ltd
“Explanatory Statement”	:	The explanatory statement in compliance with Section 211 of the Companies Act as set out on pages A-1 to A-26 of this Scheme Document
“FY”	:	Financial year ended or ending 30 June, as the case may be
“Gatefold”	:	The pages preceding the “Table of Contents” section of this Scheme Document
“Governmental Agency”	:	Any foreign or Singaporean government or governmental, semi-governmental, administrative, regulatory, fiscal or judicial agency, authority, body, commission, department, exchange, tribunal or company
“HMI Convertible Securities”	:	Convertible securities, warrants, options and derivatives in respect of the HMI Shares or other securities (if any) which carry voting rights in HMI
“HMI Group”	:	The Company and its subsidiaries, and each, a “HMI Group Company”
“HMI PSP 2017”	:	The Company’s performance share plan approved and adopted by the HMI Shareholders on 30 October 2017
“HMI Shares”	:	The issued and paid-up ordinary shares in the capital of the Company
“HMI Shareholders”	:	Persons who are registered as holders of the HMI Shares in the Register of Members and Depositors who have HMI Shares entered against their names in the Depository Register

DEFINITIONS

“HMI Valuers”	:	Knight Frank Pte. Ltd., Henry Butcher Malaysia (Malacca) Sdn. Bhd. and C H Williams Talhar & Wong Sdn Bhd
“Holding Announcement Date”	:	17 June 2019, being the date on which the Company first released a holding announcement in respect of a possible transaction
“IFA”	:	Ernst & Young Corporate Finance Pte. Ltd., the independent financial adviser to the Independent Directors
“IFA Letter”	:	The letter from the IFA to the Independent Directors as set out in Appendix B to this Scheme Document
“Implementation Agreement”	:	The implementation agreement dated 5 July 2019 entered into between the Company and the Offeror setting out the terms and conditions on which Acquisition and the Scheme will be implemented
“Independent Directors”	:	The Directors who are considered independent for the purposes of making a recommendation to the HMI Shareholders on the Scheme, namely all the Directors excluding Dr. Gan See Khem, Ms. Chin Wei Jia and Mr. Chin Wei Yao
“Indirectly-Held HMI Shares”	:	HMI Shares held by an Entitled HMI Shareholder in its capacity as a Depository Agent on behalf of sub-account holder(s)
“IPO”	:	The initial public offering of the Offeror Shares in conjunction with a listing of the Offeror Shares on a stock exchange
“Issue Price”	:	S\$0.730 per Offeror Share
“Joint Announcement”	:	The joint announcement by the Company and the Offeror dated 5 July 2019 in relation to, <i>inter alia</i> , the Acquisition and the Scheme
“Joint Announcement Date”	:	5 July 2019, being the date of the Joint Announcement
“Last Undisturbed Trading Day”	:	14 June 2019, being the last full trading day immediately preceding the Holding Announcement Date
“Latest Practicable Date”	:	24 September 2019, being the latest practicable date prior to the printing of this Scheme Document
“Letter to HMI Shareholders”	:	The letter from the Company to the HMI Shareholders as set out on pages 15 to 41 of this Scheme Document

DEFINITIONS

“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for the trading of securities
“Maximum Number”	:	686,218,454 HMI Shares, being the maximum number of HMI Shares that may be elected for the Securities Consideration
“MMSB”	:	Maju Medik (Malaysia) Sdn Bhd
“NAV”	:	Net asset value
“NewCo”	:	PanAsia Health Management B.V.
“Non-Solicit Provision”	:	The non-solicit provision in Clause 5.2.15 of the Implementation Agreement, which provides, <i>inter alia</i> , that, during the Restricted Period, the Company will ensure that it and the other HMI Group Companies will not directly or indirectly solicit any proposal or offer to (a) acquire any part of the businesses, assets or undertakings of or any shares in the Company and/or any other HMI Group Company, or (b) otherwise acquire or merge with the Company or any other HMI Group Company. The non-solicit provision is reproduced and set out in full in paragraph (o) of Appendix N of this Scheme Document.
“NSI”	:	Nam See Investment (Pte) Ltd
“NSI Concert Party Group”	:	NSI and persons acting in concert with NSI in relation to the Acquisition and the Scheme, namely Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan
“Offeror”	:	PanAsia Health Limited
“Offeror Articles”	:	The Memorandum and Articles of Association of the Offeror, as set out in Schedule C to the Offeror’s Letter as set out in Appendix C to this Scheme Document
“Offeror Concert Party Group”	:	The Offeror and persons acting or presumed to be acting in concert with the Offeror in relation to the Acquisition and the Scheme (which, for the avoidance of doubt, includes EQT GP, EQT LP, EQT Singapore and the NSI Concert Party Group, but excludes MMSB)

DEFINITIONS

“Offeror Convertible Securities”	:	Convertible securities, warrants, options and derivatives in respect of the Offeror Shares or other securities (if any) which carry voting rights in the Offeror
“Offeror Group”	:	The Offeror and its subsidiaries from time to time
“Offeror Shares”	:	Ordinary shares in the capital of the Offeror
“Offeror Share Certificates”	:	The share certificates in respect of the Offeror Shares
“Offeror Financial Adviser”	:	Credit Suisse (Singapore) Limited
“Offeror’s Letter”	:	The letter from the Offeror to the HMI Shareholders as set out in Appendix C to this Scheme Document
“Other Undertaking Shareholders”	:	Dr. Cheah Way Mun, Professor Tan Chin Tiong, Dr. Chua Ee Chek, Dr. Ching Kwok Choy and Dr. Kwa Kie Tjong
“Overseas Shareholders”	:	HMI Shareholders whose registered addresses (as recorded in the Register of Members or in the records maintained by CDP for the service of notice and documents) are outside Singapore
“Parties”	:	The parties to the Implementation Agreement, being the Company and the Offeror, and “Party” means any one of them
“Prescribed Occurrence”	:	Any of the events set out in Appendix J to this Scheme Document
“Proxy Form”	:	The accompanying proxy form for the Scheme Meeting
“Put Option”	:	The right of NewCo to require NSI to purchase all of the Offeror Shares held by NewCo at such time
“Register of Members”	:	The register of members of the Company
“Regulatory Approvals”	:	Such consents and approvals or other acts from any Governmental Agency as required by any of the Offeror or the Company, or which any of the Offeror or the Company may agree are necessary or desirable, to implement the Acquisition by way of the Scheme and on the terms and conditions of the Implementation Agreement
“Relevant Date”	:	The date falling on the Business Day immediately preceding the Effective Date

DEFINITIONS

“Relevant HMI Group Company”	:	Any of (a) the Company; (b) Mahkota Medical Centre Sdn Bhd; (c) Regency Specialist Hospital Sdn Bhd; (d) Mahkota Land Sdn Bhd; (e) StarMed @ Farrer Square Pte Ltd; (f) StarMed Specialist Centre Pte Ltd; or (g) HMI Institute of Health Sciences Pte Ltd, collectively, the “Relevant HMI Group Companies”
“relevant intermediary”	:	<p>(a) a banking corporation licensed under the Banking Act (Chapter 19 of Singapore) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds HMI Shares in that capacity;</p> <p>(b) a person holding a capital markets services licence to provide custodial services for securities under the SFA who holds HMI Shares in that capacity; or</p> <p>(c) the CPF Board established by the Central Provident Fund Act (Chapter 36 of Singapore), in respect of HMI Shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those HMI Shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation</p>
“Remuneration Committee”	:	The Remuneration Committee of the Company, comprising Directors of the Company from time to time
“Restricted Period”	:	The period from (and including) the date of the Implementation Agreement up to (and including) the date on which the Implementation Agreement is terminated in accordance with its terms
“RM”	:	Ringgit Malaysia, being the lawful currency of Malaysia
“Scheme”	:	The scheme of arrangement under Section 210 of the Companies Act dated 3 October 2019 as set out in Appendix O of this Scheme Document (as may be amended or modified from time to time)
“Scheme Conditions”	:	The conditions precedent in the Implementation Agreement which must be satisfied (or, where applicable, waived) by the Conditions Long-Stop Date for the Scheme to be implemented and which are reproduced in Appendix I to this Scheme Document

DEFINITIONS

“Scheme Consideration”	:	The Cash Consideration <u>OR</u> in lieu of the Cash Consideration, the Securities Consideration subject to the Adjustment Mechanism
“Scheme Document”	:	This document dated 3 October 2019 and any other document(s) which may be issued by or on behalf of the Company to amend, revise, supplement or update the document(s) from time to time
“Scheme Meeting”	:	The meeting of the HMI Shareholders to be convened pursuant to the order of the Court to approve the Scheme and any adjournment thereof, notice of which is set out in Appendix P to this Scheme Document
“Scheme Meeting Court Order”	:	The order of the Court dated 22 August 2019 ordering, <i>inter alia</i> , that the Company is granted the liberty to convene the Scheme Meeting
“Scheme Resolution”	:	The resolution relating to the Scheme referred to in the Notice of Scheme Meeting dated 3 October 2019 set out in Appendix P to this Scheme Document
“Securities Account”	:	The relevant securities account maintained by a Depositor with CDP but does not include a securities sub-account
“Securities Consideration”	:	One new Offeror Share per HMI Share which the Offeror shall allot and issue, duly authorised, fully paid up and free from all Encumbrances, at the Issue Price
“Settlement Date”	:	The date of settlement of the Scheme Consideration
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd., the share registrar of the Company
“SIC”	:	Securities Industry Council of Singapore
“SIC Application”	:	The application made by EQT Singapore to the SIC to seek certain rulings and confirmations in relation to the Acquisition and the Scheme
“SRS”	:	Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under the SRS

DEFINITIONS

“SRS Investors”	:	Investors who have purchased HMI Shares using their SRS contributions pursuant to the SRS
“Stake Sale”	:	The sale of NewCo’s entire stake in the Offeror in accordance with the Additional Undertakings
“Subject Properties”	:	The properties owned by the HMI Group as set out and more particularly described in Appendix H to this Scheme Document
“Sub-Account Holders Form”	:	The List of Sub-Account Holders Who Wish to Accept the Securities Consideration form, which will be provided to Entitled Depository Agents through the SGX-SFG service
“S\$” or “SGD” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“TopCo”	:	PanAsia Health Holdings Coöperatief U.A.
“Transfer Books”	:	The transfer books of the Company
“Undertaking Shareholders”	:	The Other Undertaking Shareholders, NSI, MMSB, Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao, and Ms. Chin Wei Shan, and “Undertaking Shareholder” means any one of them, details of which are set out in Schedule D to the Offeror’s Letter as set out in Appendix C to this Scheme Document
“Valuation Reports”	:	The valuation reports from the HMI Valuers in respect of the Subject Properties, extracts or certificates of which are as set out in Appendix H to this Scheme Document
“Voting and/or Election Undertaking”	:	The irrevocable undertakings provided by the Undertaking Shareholders in favour of the Offeror to, <i>inter alia</i> , vote, or procure the voting, in favour of (or in the case of NSI, Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan only, abstain, or procure the abstaining, from voting on) the Scheme at the Scheme Meeting, and where applicable, elect to accept or procure to elect to accept, either the Cash Consideration or the Securities Consideration, as more particularly described in paragraph 4.1 of the Letter to HMI Shareholders

DEFINITIONS

“Taxes” or “Taxation” : All forms of taxation and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, including GST and any other form of value-added tax, in each case whether of Singapore, Malaysia or elsewhere in the world whenever imposed and whether chargeable directly or primarily against or attributable directly or primarily to an HMI Group Company or any other person and all penalties, charges, costs and interest relating thereto

“%” or “per cent” : Per centum or percentage

The terms **“acting in concert”** and **“concert parties”** shall have the meanings ascribed to them in the Code.

The terms **“Depositor”**, **“Depository Agent”**, **“Depository Register”** and **“sub-account holder”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms **“subsidiary”** and **“related corporation”** shall have the meaning ascribed to it in Sections 5 and 6 of the Companies Act.

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

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

Any reference to any document or agreement shall include a reference to such document or agreement as amended, modified, supplemented and/or varied from time to time.

Any reference to a time of day and date in this Scheme Document shall be a reference to Singapore time and date respectively, unless otherwise specified.

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

In this Scheme Document, the total number of HMI Shares as at the Latest Practicable Date is 837,337,946 (excluding 1,642,934 treasury shares). Unless stated otherwise, all references to percentage shareholding in the issued share capital of the Company in this Scheme Document are based on 837,337,946 (excluding 1,642,934 treasury shares) HMI Shares in the issued share capital of the Company as at the Latest Practicable Date.

FORWARD-LOOKING STATEMENTS

Forward Looking Statements. All statements other than statements of historical facts included in this Scheme Document are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s or the Company’s (as the case may be) current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Given the risks and uncertainties that may cause actual results or outcomes to differ materially from those expressed or implied in such forward-looking statements, shareholders and investors of the Offeror and the Company should not place undue reliance on such forward-looking statements, and none of the Offeror, the Company and the Offeror Financial Adviser undertakes any obligation to update publicly or revise any forward-looking statements.

EXPECTED TIMETABLE

Last date and time for lodgement of Proxy Form for the Scheme Meeting	:	16 October 2019, 3.00 p.m.⁽¹⁾⁽²⁾
Date and time of Scheme Meeting	:	18 October 2019, 3.00 p.m.
Venue of Scheme Meeting	:	Devan Nair Institute for Employment and Employability Hall 3, Level 1 80 Jurong East Street 21 Singapore 609607
Expected date of Court hearing of the application to sanction the Scheme	:	11 November 2019⁽³⁾
Expected last day of trading of the HMI Shares	:	15 November 2019
Expected Books Closure Date	:	19 November 2019, 5.00 p.m.⁽⁴⁾
Expected date of despatch of Election Forms by the Offeror (or on its behalf) to Entitled HMI Shareholders	:	22 November 2019
Expected latest date and time for submission of Election Forms	:	6 December 2019⁽⁵⁾, 5.00 p.m.
Expected Effective Date	:	20 December 2019⁽⁶⁾
Expected date for payment of the Scheme Consideration	:	By 30 December 2019
Expected date for the delisting of the HMI Shares	:	By 14 January 2020

You should note that save for the last date and time for the lodgement of the Proxy Form and the date, time and venue of the Scheme Meeting, the above timetable is indicative only and may be subject to change. For the events listed above which are described as “expected”, please refer to future announcement(s) by the Company and/or the SGX-ST for the exact dates of these events.

Notes:

- (1) HMI Shareholders are requested to lodge the Proxy Form for the Scheme Meeting in accordance with the instructions contained therein not less than 48 hours before the time appointed for the Scheme Meeting.
- (2) All Proxy Forms must be lodged with the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Completion and lodgement of the Proxy Form will not prevent a HMI Shareholder from attending and voting in person at the Scheme Meeting if they subsequently wish to do so. In such event, the Proxy Form will be deemed to be revoked.
- (3) The date of the Court hearing of the application to sanction the Scheme will depend on the date that is allocated by the Court.
- (4) The expected Books Closure Date is subject to the release of the Company's financial results for the first quarter ended 30 September 2019.
- (5) Entitled HMI Shareholders will be given a period of ten (10) Business Days to submit their Election Forms.
- (6) On the basis that all the Scheme Conditions have been satisfied or, as the case may be, waived in accordance with the Implementation Agreement and the Court Order is lodged with ACRA pursuant to Section 210(5) of the Companies Act by the Company on the 10th Business Day from the date of the close of the Election Period. The Scheme will only become effective if all the Scheme Conditions have been satisfied or, as the case may be, waived in accordance with the Implementation Agreement and a copy of the Court Order has been lodged with ACRA.

CORPORATE INFORMATION

DIRECTORS OF THE COMPANY	:	Dr. Gan See Khem Ms. Chin Wei Jia Mr. Chin Wei Yao Professor Annie Koh Dr. Cheah Way Mun Professor Tan Chin Tiong Mr. Chong Ton Nen @ Peter Chong
COMPANY SECRETARY	:	Ms. Noraini Binte Noor Mohamed Abdul Latiff
REGISTERED OFFICE	:	7 Temasek Boulevard #12-10 Suntec Tower One Singapore 038987
SHARE REGISTRAR	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
LEGAL ADVISER TO THE COMPANY	:	Rajah & Tann Singapore LLP 9 Straits View #06-07 Marina One West Tower Singapore 018937 (w.e.f. 7 October 2019)
INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS	:	Ernst & Young Corporate Finance Pte Ltd One Raffles Quay North Tower, Level 18 Singapore 048583
AUDITOR	:	PricewaterhouseCoopers LLP 7 Straits View Level 12 Marina One East Tower Singapore 018936

LETTER TO HMI SHAREHOLDERS

HEALTH MANAGEMENT INTERNATIONAL LTD

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

Directors

Registered Office:

Dr. Gan See Khem (Executive Chairman and Managing Director)	7 Temasek Boulevard
Ms. Chin Wei Jia (Executive Director and Group Chief Executive Officer)	#12-10 Suntec Tower One
Mr. Chin Wei Yao (Executive Director and Group Chief Investment Officer)	Singapore 038987
Professor Annie Koh (Lead Independent Director)	
Dr. Cheah Way Mun (Independent Non-Executive Director)	
Professor Tan Chin Tiong (Independent Non-Executive Director)	
Mr. Chong Ton Nen @ Peter Chong (Independent Non-Executive Director)	

3 October 2019

To: The Shareholders of Health Management International Ltd

Dear Sir/Madam

PROPOSED ACQUISITION BY PANASIA HEALTH LIMITED OF ALL THE ISSUED ORDINARY SHARES IN THE CAPITAL OF HEALTH MANAGEMENT INTERNATIONAL LTD BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 210 OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE

1. INTRODUCTION

1.1 Joint Announcement of the Acquisition and the Scheme

On 5 July 2019, the Company and the Offeror jointly announced the proposed acquisition of all the issued ordinary shares in the capital of the Company by the Offeror, which will be effected by the Company by way of a scheme of arrangement in accordance with Section 210 of the Companies Act and the Code.

A copy of the Joint Announcement is available on the website of SGX-ST at www.sgx.com.

1.2 Purpose

The purpose of this Scheme Document is to set out information pertaining to the Scheme, to seek approval your approval of the Scheme, and to give you notice of the Scheme Meeting.

1.3 Explanatory Statement

An Explanatory Statement setting out the key terms of, the rationale for, and the effect of, the Scheme and the procedures for its implementation is set out in Appendix A of this Scheme Document. The Explanatory Statement should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out in Appendix O of this Scheme Document.

LETTER TO HMI SHAREHOLDERS

1.4 Information on the Company

The Company was incorporated in Singapore on 26 October 1998 and was listed on the Secondary Board of the SGX-ST on 15 October 1999 and the Main Board of the SGX-ST on 10 March 2008. The HMI Group together operates as a regional private healthcare provider with a presence in Singapore, Malaysia and Indonesia.

The board of directors of the Company comprises the following:

- (a) Dr. Gan See Khem (Executive Chairman and Managing Director);
- (b) Ms. Chin Wei Jia (Executive Director and Group Chief Executive Officer);
- (c) Mr. Chin Wei Yao (Executive Director and Group Chief Investment Officer);
- (d) Professor Annie Koh (Lead Independent Director);
- (e) Dr. Cheah Way Mun (Independent Non-Executive Director);
- (f) Professor Tan Chin Tiong (Independent Non-Executive Director); and
- (g) Mr. Chong Ton Nen @ Peter Chong (Independent Non-Executive Director).

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$187,277,412.58, comprising 837,337,946 HMI Shares, excluding 1,642,934 treasury shares.

1.5 Information on the Offeror, NewCo, TopCo, EQT GP

As stated in the Offeror's Letter as set out in Appendix C to this Scheme Document:

- (a) the Offeror is wholly a special purpose vehicle incorporated in the Cayman Islands for the purposes of the Acquisition with no other business, operations or liabilities;
- (b) as at the date of the Offeror's Letter:
 - (i) the sole shareholder of the Offeror is NewCo and the sole shareholder of NewCo is TopCo, which in turn is ultimately wholly-controlled by EQT GP, acting in its capacity as general partner of EQT LP;
 - (ii) each of NewCo and TopCo are special purpose vehicles incorporated in the Netherlands for the purposes of the Acquisition;
 - (iii) EQT GP is advised by its professional advisor, EQT Singapore;
 - (iv) the authorised share capital of the Offeror is S\$1.00, divided into one (1) share with no par value;
 - (v) the issued share capital of the Offeror is S\$1.00, comprising one (1) share with no par value; and

LETTER TO HMI SHAREHOLDERS

(vi) the members of the board of directors of the Offeror are:

- (A) Chang Kuang Hsian (Brian) (a partner of EQT Singapore);
- (B) Marie Louise van Dam (a director and board member of EQT Netherlands Management B.V.); and
- (C) Lars Adam Ludvig Larsson (a director and board member of EQT Netherlands Management B.V.).

(c) EQT is a differentiated global investment organization with more than EUR 62 billion in raised capital and around EUR 40 billion in assets under management across 19 active funds. EQT funds have portfolio companies in Europe, Asia and the US with total sales of more than EUR 21 billion and approximately 127,000 employees. EQT works with portfolio companies to achieve sustainable growth, operational excellence and market leadership. For further details on EQT, HMI Shareholders may refer to EQT's website at <https://www.eqtgroup.com/>.

Further details on the Offeror, NewCo, TopCo and EQT GP can be found in the Offeror's Letter as set out in Appendix C to this Scheme Document.

2. OFFEROR'S RATIONALE FOR THE ACQUISITION AND FUTURE INTENTIONS FOR THE COMPANY

2.1 The Offeror's Rationale

The Offeror's rationale for the Acquisition is stated in paragraphs 6.1 and 7 of the Offeror's Letter as set out in Appendix C to this Scheme Document, an extract of which is reproduced in italics below.

***"6.1 Rationale for the Offeror.** The Acquisition represents an opportunity for the Offeror to invest in a reputable private healthcare provider with a regional presence in Singapore, Malaysia and Indonesia."*

7. RATIONALE FOR THE SCHEME

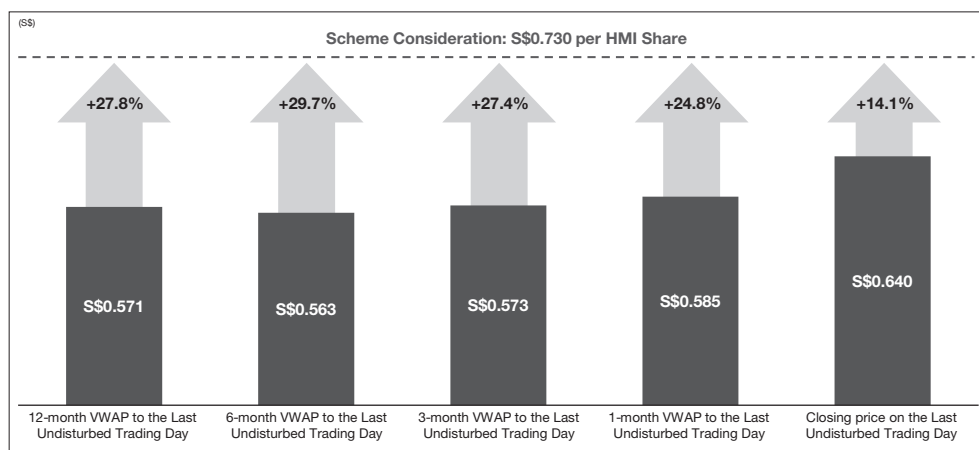
"7.1 Opportunity for Shareholders to Realise their Investment at an Attractive Valuation without incurring Brokerage Fees"

7.1.1 The Scheme Consideration represents an attractive premium to prevailing market prices

*The Scheme Consideration represents a premium of approximately 27.8 per cent., 29.7 per cent., 27.4 per cent. and 24.8 per cent. over the 12-month, six-month, three-month and one-month volume-weighted average price ("VWAP") of the HMI Shares respectively, as transacted on the SGX-ST, up to and including 14 June 2019 (the **"Last Undisturbed Trading Day"**)³. The Scheme Consideration also represents a premium of approximately 14.1 per cent. over the last traded price per HMI Share as quoted on the SGX-ST on the Last Undisturbed Trading Day.*

³ Being the last full trading day immediately preceding the date on which the Company released the holding announcement in respect of a possible transaction, i.e. 17 June 2019.

LETTER TO HMI SHAREHOLDERS



Source: Bloomberg, L.P. as at 14 June 2019.

7.1.2 Since the listing of the Company on the SGX-ST in 1999 until the Joint Announcement Date, the closing share price of HMI Shares has only exceeded the Scheme Consideration on one trading day

Since the listing of the Company in 1999 on the SGX-ST until the Joint Announcement Date, the closing share price of the HMI Shares has only exceeded the Scheme Consideration on one trading day, namely on 14 November 2016.

Since its listing in 1999, the closing price of the HMI Shares has only exceeded the Scheme Consideration on one trading day



Source: Bloomberg, L.P. as at 14 June 2019.

Note:

- (1) An announcement was made on 11 November 2016 on HMI's proposed consolidation of its ownership in Mahkota Medical Centre and Regency Specialist Hospital.

LETTER TO HMI SHAREHOLDERS

7.1.3 Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity of HMI Shares

The historical trading liquidity of the HMI Shares has been low, with a total trading volume of approximately 7,223,600 HMI Shares, 13,615,300 HMI Shares, and 19,551,332 HMI Shares during the one-month, three-month and six-month periods respectively up to and including the Last Undisturbed Trading Day. These represent only 0.9 per cent., 1.6 per cent. and 2.3 per cent. of the total number of HMI Shares in issue as at the Latest Practicable Date for each of the respective aforementioned relevant periods.

	Average daily trading volume⁽¹⁾	Average daily trading volume as a percentage of total issued HMI Shares (per cent.)⁽²⁾⁽³⁾
One-month period up to and including the Last Undisturbed Trading Day	328,345	0.04
Three-month period up to and including the Last Undisturbed Trading Day	226,922	0.03
Six-month period up to and including the Last Undisturbed Trading Day	170,012	0.02

Notes:

- (1) Calculated using the total volume of HMI Shares traded divided by the number of days on which HMI Shares were traded on the SGX-ST, with respect to the relevant period.
- (2) Calculated using the average daily trading volume of HMI Shares for the relevant period divided by the total number of HMI Shares in issue as at the Latest Practicable Date, expressed as a percentage.
- (3) Rounded to the nearest two decimal places.

Pursuant to the Scheme, Shareholders who find it difficult to exit their investment in the Company as a result of the low trading volume in HMI Shares are presented with an opportunity to liquidate and realise their investment in the Company at a premium to the prevailing market prices, if they elect to receive the Cash Consideration.

LETTER TO HMI SHAREHOLDERS

7.2 StarMed Start-up Costs

The Company announced the acquisition of a 62.5 per cent. equity stake in StarMed @ Farrer Square Pte. Ltd. (“StarMed”) on 14 May 2018, and further announced an increase in its equity stake in StarMed to 70 per cent. on 15 October 2018 and 30 August 2019. StarMed commenced the soft launch of its operations in September 2018 and the Company has announced that it expects gestation start-up costs from StarMed’s operations to be incurred for potentially up to three years.

The Scheme provides Shareholders with the opportunity to realise their investment in the Company at a premium to the prevailing market prices and avoid any potential share price volatility that may arise due to fluctuations in earnings as a result of the gestation start-up costs that may be incurred from StarMed’s operations.

7.3 Access to an Efficient Source of Capital in Support of the Company’s Future Growth

The Company has an established track record in developing and growing healthcare businesses. Since the Company’s incorporation in 1998 and listing on the SGX-ST in 1999, the Company has grown from operating a single hospital into a regional private healthcare provider with a presence in Singapore, Malaysia and Indonesia.

In recent years, large pools of capital, including private equity funds, have focused on healthcare investments in Southeast Asia, leading to increased competition for healthcare assets. Amidst the intensifying competition and consolidation amongst the healthcare players in the region, the Company believes that in order to compete effectively, it will require a significant amount of capital for potential strategic investments and opportunistic acquisitions. Should the Company remain a listed company at this scale, raising capital successfully (e.g. through rights issues and/or private placements) may take time and may be highly dependent on the market conditions. Such capital raisings may also entail higher costs and may result in the dilution of the interests of Shareholders.

*EQT will provide the Company with access to an efficient source of capital through the Equity Line referenced in **paragraph 6.3** of this Letter, which will allow the Company to operate more efficiently in achieving its growth objectives. Upon the Scheme becoming effective and binding in accordance with its terms, the Company will have secured a strategic long-term investor and partner to support its growth. The Company will also be able to leverage on EQT’s global network of advisors and a strong investment track record in healthcare platforms around the world.*

7.4 Shareholders have an option to elect to accept the Securities Consideration

*Shareholders will have an option to elect for the Securities Consideration in the form of the Offeror Shares. The Offeror Shares are in a private offshore entity, and Shareholders should carefully consider the risk factors set out in **Schedule E** to this Letter should they wish to elect to receive the Securities Consideration.”*

LETTER TO HMI SHAREHOLDERS

2.2 The Offeror's Future Intentions

As stated in paragraphs 6.2 to 6.4 of the Offeror's Letter as set out in Appendix C to this Scheme Document (an extract of which is reproduced in italics below):

"6.2 Future Plans. *There is presently no intention by the Offeror to (i) introduce any major changes to the business of HMI, (ii) re-deploy the fixed assets of HMI or (iii) discontinue the employment of the employees of the HMI Group, save in the ordinary course of business or as a result of any internal reorganisation or restructuring within the HMI Group which may be implemented after the Effective Date. However, the board of directors of the Offeror retains and reserves the right and flexibility at any time to consider any options in relation to the HMI Group which may present themselves and which it may regard to be in the interest of the HMI Group.*

6.3 Equity Line. *In relation to the Offeror's future plans for HMI as set out in paragraph 6.2 above, and assuming the Scheme becomes effective in accordance with its terms, the Offeror Articles provide that NewCo will provide a committed equity line (the "Equity Line") to the Offeror of:*

6.3.1 up to S\$100 million between the Effective Date and the date falling 15 months from the Effective Date ("Step-Down Date"); and

6.3.2 up to S\$50 million between the Step-Down Date and the date falling nine months from the Step-Down Date,

for any potential acquisitions or investments to be undertaken by the HMI Group following the Effective Date, subject to such acquisitions or investments being approved pursuant to Article 73 of the Offeror Articles (as reproduced in full in Schedule C to this Letter).

6.4 Management Incentive Arrangements. *In addition, as the Offeror intends and desires that there is continuity of management and minimal interruption of the HMI Group's business, it is envisaged that the Offeror will establish a management equity incentive plan (the "Management Incentive Arrangements") which shall come into effect after the Effective Date and will replace the existing performance share plan of the Company, to grant the senior executives and/or key employees of the HMI Group certain equity incentives if certain conditions and/or targets are met. The Offeror has not considered the specific terms of the Management Incentive Arrangements and will only finalise such terms after the Effective Date."*

3. THE ACQUISITION AND THE SCHEME

3.1 Terms of the Scheme

The Acquisition will be effected by way of a scheme of arrangement pursuant to Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement.

LETTER TO HMI SHAREHOLDERS

Under the Scheme:

- (a) all the HMI Shares held by the Entitled HMI Shareholders as at the Books Closure Date will be transferred to the Offeror:
 - (i) fully paid up;
 - (ii) free from all Encumbrances; and
 - (iii) together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date. If any dividend, right or other distribution is declared, paid or made by the Company to the HMI Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend, right or distribution. In this connection, the Company has, pursuant to the Implementation Agreement, undertaken that it will not, during the period from the date of the Implementation Agreement up to (and including) the Effective Date, declare or pay any dividend or make any distribution (in cash or in kind) to HMI Shareholders; and
- (b) in consideration for such transfer, each Entitled HMI Shareholder as at the Books Closure Date will be entitled to receive for each HMI Share, at their election:
 - (i) the Cash Consideration, being **S\$0.730** in cash; **OR**
 - (ii) in lieu of the Cash Consideration, the Securities Consideration, being **one** new Offeror Share which the Offeror shall allot and issue, duly authorised, fully paid up and free from all Encumbrances, at the Issue Price, being **S\$0.730** per Offeror Share,

provided always that no more than the Maximum Number of HMI Shares¹ may be elected for the Securities Consideration.

In the event that the aggregate number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number:

- (A) the Maximum Number will be allocated among the Entitled HMI Shareholders who elected for the Securities Consideration on a pro-rata basis according to the number of HMI Shares they hold as at the Books Closure Date (relative to one another); and
- (B) in respect of the balance number of HMI Shares that are elected for the Securities Consideration in excess of the Maximum Number, each relevant Entitled HMI Shareholder who elected for the Securities Consideration shall receive in cash an amount equivalent to the Issue Price of each Offeror Share which cannot be allotted and issued to such Entitled HMI Shareholder,

(the “**Adjustment Mechanism**”).

¹ 686,218,454 HMI Shares, representing approximately 81.95% of all the HMI Shares, based on 837,337,946 HMI Shares in issue (excluding 1,642,934 treasury shares) as at the Latest Practicable Date.

LETTER TO HMI SHAREHOLDERS

The Issue Price of each Offeror Share under the Securities Consideration will be the same as the Cash Consideration.

Further details on the Offeror Shares are set out in paragraph 3.4 below.

In respect of the Cash Consideration or the cash component of the Securities Consideration (in the event that the Adjustment Mechanism applies), the aggregate cash amount that is payable to any Entitled HMI Shareholder in respect of the HMI Shares held by such Entitled HMI Shareholder shall be rounded to the nearest S\$0.01.

Subject to the Adjustment Mechanism, in respect of the Securities Consideration, the aggregate number of Offeror Shares which each Entitled HMI Shareholder will be entitled to pursuant to the Scheme, based on the HMI Shares held by such Entitled HMI Shareholder as at the Books Closure Date, will be rounded down to the nearest whole number, and fractional entitlements shall be disregarded in the calculation of the aggregate Offeror Shares to be issued to any Entitled HMI Shareholder pursuant to the Scheme.

3.2 Adjustment Mechanism

The Adjustment Mechanism is set out in Schedule A to the Offeror's Letter as set out in Appendix C to this Scheme Document, an extract of which is reproduced in italics below:

"Where the aggregate number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number, the Adjustment Mechanism shall apply and an Entitled HMI Shareholder who elected to receive the Securities Consideration would not be entitled to re-elect to receive the Cash Consideration with respect to all or any of his Directly-Held HMI Shares or Indirectly-Held HMI Shares. The number of Offeror Shares to be allotted and issued to an Entitled HMI Shareholder who has elected to receive the Securities Consideration shall be calculated in accordance with the following formula:

$$N = \frac{S}{T} \times M$$

where:

"N" is the number of Offeror Shares to be allotted and issued to such Entitled HMI Shareholder;

"S" is the number of HMI Shares held by such Entitled HMI Shareholder;

"T" is the aggregate number of HMI Shares that are elected for the Securities Consideration; and

"M" is the Maximum Number.

LETTER TO HMI SHAREHOLDERS

As an example and purely for illustration purposes only, assuming that an aggregate of 800,000,000 HMI Shares are elected for the Securities Consideration and an Entitled HMI Shareholder elects to receive the Securities Consideration in respect of the 1,000 HMI Shares held by him, the Scheme Consideration will be paid to such Entitled HMI Shareholder in the following manner:

- *Number of Offeror Shares received: $(1,000/800,000,000) \times 686,218,454 = 857$ (rounded down to the nearest whole number pursuant to **paragraph 1.1 of Schedule A** to this Letter)*
- *Amount of cash received: $S\$0.730 \times (1,000 - 857) = S\104.39*

Where the aggregate number of HMI Shares that are elected for the Securities Consideration is less than or equal to the Maximum Number, each Entitled HMI Shareholder who has elected to receive the Securities Consideration will receive one Offeror Share for each HMI Share held by him."

3.3 Election

Each Entitled HMI Shareholder:

- (a) who is holding Directly-Held HMI Shares shall only be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Securities Consideration for all of its Directly-Held HMI Shares, but not a combination of both; and
- (b) who is holding Indirectly-Held HMI Shares, shall in respect of each such sub-account holder, be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Securities Consideration for all the Indirectly-Held HMI Shares held on behalf of such sub-account holder, but not a combination of both,

(each HMI Shareholder under paragraph 3.3(a) and Depository Agent (for and on behalf of each sub-account holder under paragraph 3.3(b)) shall be referred to as an **"Electing Party"**).

If a HMI Shareholder holds both Directly-Held HMI Shares and Indirectly-Held HMI Shares through securities sub-account(s) with Depository Agent(s), such HMI Shareholder shall elect to receive either the Cash Consideration or the Securities Consideration (and not a combination of the two) in respect of all of its Directly-Held HMI Shares, and shall direct its Depository Agent(s) to elect to receive the same form of the Scheme Consideration in respect of all of its Indirectly-Held HMI Shares.

In the event that any Electing Party:

- (i) fails to elect to receive a Scheme Consideration within the Election Period, whether due to an absence or failure of a valid election;
- (ii) to the extent applicable under the laws of the Cayman Islands and upon being notified by the Offeror, fails to provide such details and/or information as may be required to satisfy the requirements of the anti-money laundering regulations of the Cayman Islands;

LETTER TO HMI SHAREHOLDERS

- (iii) elects to receive the Securities Consideration or Cash Consideration in respect of some only and not all of its HMI Shares;
- (iv) holds both Directly-Held HMI Shares and Indirectly-Held HMI Shares through securities sub-account(s) with Depository Agent(s) and does not elect to receive and direct its Depository Agent(s) to elect to receive the same form of the Scheme Consideration in respect of all its Directly-Held HMI Shares and Indirectly-Held HMI Shares respectively, and the Offeror is notified of such occurrence; and/or
- (v) maintains an address recorded in the Register of Members or the Depository Register (as defined in Section 81SF of the SFA) (as the case may be) that is not within Singapore and does not provide HMI with an address in Singapore prior to 5.00 p.m. on the Election Closing Date,

such Electing Party shall be deemed to have elected to receive the Cash Consideration for all of its HMI Shares, and shall be entitled only to receive the Cash Consideration for all of its HMI Shares as at the Books Closure Date.

In addition, if the Share Registrar or CDP (as the case may be) fails to receive, from any Electing Party, an Election Form or Electronic Election by 5.00 p.m. on the Election Closing Date or receives an Election Form or Electronic Election which does not comply with the instructions contained in the Election Form or the terms and conditions contained in this Scheme Document, or which is not complete or is invalid in any other respect, that Electing Party shall be deemed to have elected the Cash Consideration in respect for all of its HMI Shares.

Further information about the Election process as well as the settlement and registration of the Scheme Consideration can be found in paragraphs 11 to 13 of the Explanatory Statement set out in Appendix A to this Scheme Document and Schedule A to the Offeror's Letter as set out in Appendix C to this Scheme Document.

3.4 Offeror Shares

As stated in paragraph 2.2 of the Offeror's Letter as set out in Appendix C to this Scheme Document,

(a) Offeror Shares

The Offeror Shares to be allotted and issued pursuant to the Scheme will, on issue, be duly authorised, fully paid up and validly allotted and issued, and free from all Encumbrances and rank *pari passu* in all respects with one another and with all other shares of the Offeror as at the date of their issue, including the Offeror Shares held or to be held by NewCo as at the Settlement Date.

The Offeror Shares will not be listed on any securities exchange when allotted and issued on the Settlement Date.

LETTER TO HMI SHAREHOLDERS

(b) Offeror Articles

The rights, privileges and restrictions attaching to the Offeror Shares shall be set out in the Offeror Articles which, pursuant to the Implementation Agreement, shall be adopted on or prior to the Effective Date. The proposed Offeror Articles are reproduced in full in Schedule C to the Offeror's Letter as set out in Appendix C to this Scheme Document.

(c) Risk Factors

There are risks involved with investing in the Offeror Shares, including the following:

- (i) the Offeror has no track record and may not perform in the same manner as HMI;
- (ii) the Offeror is subject to risks relating to the economic, political, legal or social environments of the Cayman Islands;
- (iii) the Offeror is subject to risks associated with debt financing;
- (iv) the Offeror Shares have never been publicly traded and will not be publicly traded when allotted and issued on the Settlement Date;
- (v) the Offeror Shares are not freely transferable;
- (vi) there is no assurance that the Offeror will declare dividends on the Offeror Shares;
- (vii) NSI and NewCo will collectively hold a significant proportion of all the Offeror Shares and their respective interests may differ from that of the other shareholders of the Offeror (the "**Offeror Shareholders**"), which may limit the ability of such other Offeror Shareholders to influence the outcome of decisions requiring the approval of the Offeror Shareholders;
- (viii) the Offeror is not subject to the same corporate disclosure requirements that HMI has been subjected to as a listed company; and
- (ix) Offeror Shareholders may face difficulties in enforcing their rights as shareholders.

Further details on the risk factors relating to the Offeror Shares can be found in Schedule E to the Offeror's Letter as set out in Appendix C to this Scheme Document. HMI Shareholders are advised to carefully consider the risk factors set out in Schedule E to the Offeror's Letter as set out in Appendix C to this Scheme Document in its entirety.

3.5 Termination of the Implementation Agreement

In the event of termination of the Implementation Agreement by either the Company or the Offeror (as the case may be) pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (save for certain surviving provisions) and there shall be no liability on the part of any of the Company or the Offeror except that in the event of termination of the Implementation Agreement by either the Offeror or the Company, to the

LETTER TO HMI SHAREHOLDERS

extent that there is a breach by the Company of the Non-Solicit Provision, the Company shall fully compensate the Offeror for all the costs and expenses incurred by or on behalf of the Offeror in connection with the Acquisition, the Scheme and/or the Acquisition Debt Financing, including the fees and disbursements of counsel, auditors, advisers and/or underwriters engaged by or on behalf of the Offeror in connection with the Acquisition, the Scheme and/or the Acquisition Debt Financing, subject to a maximum amount of S\$1.5 million.

4. VOTING AND/OR ELECTION UNDERTAKINGS

4.1 Voting and/or Election Undertakings

As stated in paragraph 3.1 of the Offeror's Letter as set out in Appendix C to this Scheme Document, each of the Undertaking Shareholders has given a Voting and/or Election Undertaking to, *inter alia*:

- (a) vote, or procure the voting, in favour of (or in the case of the NSI Concert Party Group only, abstain, or procure the abstaining, from voting on) the Scheme at the Scheme Meeting;
- (b) vote, or procure the voting, against and reject any and all resolutions or proposals to approve, implement, carry out or give effect to any Competing Offer by a third party;
- (c) comply with certain non-solicitation and no-talk provisions, in their capacity as a HMI Shareholder; and
- (d) where applicable, elect to accept or procure to elect to accept, in respect of the relevant Undertaking Shareholder's HMI Shares:
 - (i) in the case of Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan, the Cash Consideration; and
 - (ii) in the case of NSI, MMSB and the Other Undertaking Shareholders as set out in Schedule D to the Offeror's Letter as set out in Appendix C to this Scheme Document, the Securities Consideration.

As at the Latest Practicable Date, the Undertaking Shareholders have each given the Voting and/or Election Undertaking to the Offeror in respect of 517,555,054 HMI Shares held legally and/or beneficially by the Undertaking Shareholders in the aggregate, representing approximately 61.8% of all the HMI Shares.

Further details of Voting and/or Election Undertaking and the HMI Shares held by the Undertaking Shareholders as at the Latest Practicable Date are set out in paragraph 5 of the Explanatory Statement as set out in Appendix A to this Scheme Document and Schedule D to the Offeror's Letter as set out in Appendix C to this Scheme Document.

LETTER TO HMI SHAREHOLDERS

4.2 Illustrative Resultant Shareholdings in the Offeror

The possible shareholding structures of the Offeror immediately following settlement of the Scheme Consideration are set out in paragraph 3.2 of Schedule B of the Offeror's Letter as set out in Appendix C to this Scheme Document, an extract of which is reproduced in italics below:

"3.2 For illustration purposes only, the possible shareholding structures of the Offeror immediately following settlement of the Scheme Consideration, based on two different scenarios, are set out below:

3.2.1 Scenario 1 – *Assuming that only NSI, MMSB and the Other Undertaking Shareholders as set out in **Schedule D** to this Letter elect to receive the Securities Consideration, and no other Shareholders elect to receive the Securities Consideration. In such a scenario, as the number of HMI Shares that are elected for the Securities Consideration falls below the Maximum Number, the Adjustment Mechanism does not apply:*

	NewCo	NSI	MMSB	Other Undertaking Shareholders
<i>Pro Forma Shareholding Percentage in the Offeror (per cent.)</i>	30.5	42.4	19.8	7.3

Notes: Scenario 1 also assumes the following:

- (1) a total sum of S\$105 million being drawn down from the Acquisition Debt Financing (from which any draw down fees incurred by, or amounts funded into any interest reserve accounts of, the Offeror pursuant to the terms and conditions of the Acquisition Debt Financing, shall be net off against the principal amount being drawn down therefrom);
- (2) a maximum sum of S\$4 million in the aggregate being incurred as transaction costs in connection with the Scheme and the Acquisition, and any costs incurred in relation to the financing of the foregoing (excluding any draw down fees incurred by, or amounts funded into any interest reserve accounts of, the Offeror set out in Note (1) above); and
- (3) each of the Undertaking Shareholders elects to receive the Scheme Consideration based on the number of HMI Shares set out against their respective names in **Schedule D** to this Letter.

LETTER TO HMI SHAREHOLDERS

3.2.2 Scenario 2 – Assuming that all Shareholders elect to receive the Securities Consideration, save for Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan, who will elect to receive the Cash Consideration. In such a scenario, as the number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number, the Adjustment Mechanism shall apply:

	NewCo	NSI	MMSB	Other Undertaking Shareholders	Other HMI Shareholders
<i>Pro Forma Shareholding Percentage in the Offeror (per cent.)</i>	18.6	30.0	14.0	5.2	32.2

Notes: Scenario 2 also assumes the following:

- (1) no amount being drawn down from the Acquisition Debt Financing;
- (2) a maximum sum of S\$4 million in the aggregate being incurred as transaction costs in connection with the Scheme and the Acquisition, and any costs incurred in relation to the financing of the foregoing; and
- (3) each of the Undertaking Shareholders elects to receive the Scheme Consideration based on the number of HMI Shares set out against their respective names in **Schedule D** to this Letter."

5. ADDITIONAL UNDERTAKINGS

As stated in paragraph 4 of the Offeror's Letter as set out in Appendix C to this Scheme Document:

5.1 Additional Undertakings

In addition to their respective Voting and/or Election Undertakings, and subject to and following the Scheme becoming effective in accordance with its terms:

- (a) NSI has additionally undertaken to NewCo to:
 - (i) facilitate NewCo's exit from the Offeror after the fourth anniversary of the Effective Date by:
 - (A) working towards the IPO within 18 months from the fourth anniversary of the Effective Date;
 - (B) on and after the fifth anniversary of the Effective Date, and if the IPO has not been completed at such time, assisting with preparations for the Stake Sale; and
 - (C) if the IPO or the Stake Sale has not been completed on or prior to the sixth anniversary of the Effective Date, granting NewCo the Put Option. The purchase price of such Offeror Shares shall be determined by reference to an agreed formula which is based on the future performance of the Offeror Group and calculated by reference to the earnings before interest, tax,

LETTER TO HMI SHAREHOLDERS

depreciation and amortisation (excluding extraordinary and one-off items) and other financial metrics of the Offeror Group for the relevant reference period, and applying a valuation multiple which is a percentage of the current valuation multiple implied by the Scheme Consideration;

- (ii) if there is misconduct by key executives in the key operating businesses of the HMI Group or material underperformance of the HMI Group, work with NewCo to implement NewCo's decisions in relation to the appointment, removal and replacement of such key executives; and
 - (iii) comply and/or procure that its shareholders comply, with customary non-competition and non-solicitation undertakings in relation to the HMI Group; and
- (b) each of Dr. Gan See Khem, Ms. Chin Wei Jia and Mr. Chin Wei Yao, in their capacity as shareholders of NSI, has given an irrevocable undertaking to the Offeror and NewCo to comply with customary non-competition and non-solicitation undertakings in relation to the HMI Group,

(collectively, the “**Additional Undertakings**”).

5.2 SIC Confirmation

Pursuant to the SIC Application, the SIC has confirmed that the Additional Undertakings do not constitute special deals for the purposes of Rule 10 of the Code.

5.3 NewCo's Representations, Warranties and Undertakings in respect of the Offeror

Pursuant to the Additional Undertakings, NewCo has represented, warranted and undertaken to and with NSI, *inter alia*, as follows:

- (a) as at the Joint Announcement Date, it is the sole legal and beneficial owner of all the Offeror Shares, and from the Joint Announcement Date up to such time falling immediately prior to the Settlement Date, there are and will be no other issued shares or securities in the capital of the Offeror. The Offeror Shares as at the Joint Announcement Date are ordinary shares in the capital of the Offeror;
- (b) it shall remain the sole legal and beneficial owner of all the Offeror Shares until the Settlement Date and shall procure and ensure that the Offeror will only issue and allot new Offeror Shares to (i) HMI Shareholders who have validly elected to accept the Securities Consideration in respect of their HMI Shares pursuant to the Scheme and (ii) NewCo pursuant to the Equity Financing;
- (c) as at the Joint Announcement Date, the Offeror has not incurred any indebtedness (save for the Equity Financing and Acquisition Debt Financing);
- (d) as at the Joint Announcement Date and save for in connection with the Acquisition and the Scheme (including but not limited to the Equity Financing and Acquisition Debt Financing) or as disclosed in writing to NSI:
 - (i) the Offeror is wholly a special purpose vehicle for the purposes of making the Acquisition with no other business, operations or liabilities;

LETTER TO HMI SHAREHOLDERS

- (ii) the Offeror is not a party to or subject to any binding contract, transaction, arrangement, understanding or obligation;
 - (iii) there are no outstanding or contingent obligations or liabilities on the part of the Offeror and/or affecting the Offeror;
 - (iv) the Offeror has not extended any guarantee or indemnity to any person or in respect of any obligation or liability;
 - (v) the Offeror is in compliance with all applicable laws or to any requirement of any competent governmental or statutory authority or rules or regulations of any relevant regulatory, administrative or supervisory body; and
 - (vi) no action, claim, demand, appeal, litigation, arbitration or dispute resolution proceeding, or any disciplinary or enforcement proceeding, in any jurisdiction is currently taking place or is pending or, to the best of the knowledge of the Offeror is threatened, against the Offeror; and
- (e) NewCo will procure and ensure that the Offeror will not, incur any indebtedness from the Joint Announcement Date to the Settlement Date (both inclusive), save for in connection with the Acquisition and the Scheme (including but not limited to the Equity Financing and Acquisition Debt Financing).

Similar representations, warranties and undertakings (as reproduced in Appendix K to this Scheme Document) have been given by the Offeror to HMI in the Implementation Agreement.

6. NO CASH OUTLAY

HMI Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the HMI Shareholders under the Scheme.

7. WAIVER OF RIGHTS TO A GENERAL OFFER

HMI Shareholders should note that by voting in favour of the Scheme, HMI Shareholders will be regarded as having waived their rights to a general offer by the NSI Concert Party Group to acquire the HMI Shares under the Code and are agreeing to the NSI Concert Party Group acquiring or consolidating effective control of the Company without having to make a general offer for the Company.

8. APPROVALS REQUIRED

8.1 Scheme Meeting and Court Sanction

The Scheme will require, *inter alia*, the following approvals:

- (a) the approval of the Scheme by a majority in number of HMI Shareholders representing not less than three-fourths in value of the HMI Shares held by HMI Shareholders present and voting either in person or by proxy at the Scheme Meeting; and
- (b) the sanction of the Scheme by the Court.

LETTER TO HMI SHAREHOLDERS

In addition, the Scheme will only come into effect if all the Scheme Conditions have been satisfied or, as the case may be, waived in accordance with the Implementation Agreement and a copy of the Court Order sanctioning the Scheme has been lodged with ACRA by the Company on the 10th Business Day from the date of the close of the Election Period.

8.2 Confirmations/Rulings from the SIC

Pursuant to the SIC Application, the SIC has confirmed on 4 July 2019, *inter alia*, that:

- (a) the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to the following conditions:
 - (i) the Offeror and its concert parties abstain from voting on the Scheme;
 - (ii) the common substantial shareholders of the Offeror and the Company, if any, abstain from voting on the Scheme;
 - (iii) NSI and its concert parties (being Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan) (being a person who would, with its concert parties, as a result of the Scheme, acquire 30% or more voting rights in the Offeror), abstain from voting on the Scheme;
 - (iv) the directors of the Company who are also directors of the Offeror and its concert parties, if any, abstain from making a recommendation on the Scheme to the HMI Shareholders;
 - (v) the Company appoints an independent financial adviser to advise the HMI Shareholders on the Scheme;
 - (vi) the Scheme Document containing advice to the effect that by voting for the Scheme, the HMI Shareholders are agreeing to NSI and its concert parties acquiring or consolidating effective control in the Company without having to make a general offer for the Company; and
 - (vii) the Scheme Document discloses the names of NSI and its concert parties, their current voting rights in the Company as of the latest practicable date in relation to the Scheme Document and their voting rights in the Company after the Scheme;
- (b) it has no objections to the Adjustment Mechanism; and
- (c) it has no objections to the Scheme Conditions.

9. ABSTENTION FROM VOTING ON THE SCHEME

In accordance with the SIC's ruling as set out in paragraph 8.2 above, the NSI Concert Party Group will abstain from voting on the Scheme and decline to accept appointment as proxy to attend and vote at the Scheme Meeting.

LETTER TO HMI SHAREHOLDERS

10. DELISTING

If and when the Scheme becomes effective and binding in accordance with its terms, the Company will become a wholly-owned subsidiary of the Offeror and consequently will not be able to meet the listing requirements of the SGX-ST.

An application was made by the Company to seek approval-in-principle from the SGX-ST to delist and remove the Company from the Official List of the SGX-ST if and when the Scheme becomes effective and binding in accordance with its terms. The SGX-ST has, on 24 September 2019, advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to:

- (a) the approval of the HMI Shareholders for the Scheme;
- (b) the approval by the Court of the Scheme; and
- (c) an unqualified opinion from an independent financial adviser that the financial terms of the Scheme are fair and reasonable to the HMI Shareholders.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the proposed delisting and removal of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

HMI SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE HMI SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

11. CONFIRMATION OF FINANCIAL RESOURCES

As stated in paragraph 13 of the Offeror's Letter as set out in Appendix C to this Scheme Document, Credit Suisse (Singapore) Limited, being the financial adviser to the Offeror in connection with the Acquisition and the Scheme, has confirmed that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Cash Consideration payable by the Offeror for all the HMI Shares to be acquired by the Offeror pursuant to the Scheme (excluding the amount which the Undertaking Shareholders have undertaken to receive in the form of Offeror Shares pursuant to the Securities Consideration), on the basis that all HMI Shareholders (other than the Undertaking Shareholders who have elected to receive the Securities Consideration) elect to receive the Cash Consideration.

12. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

12.1 Appointment of IFA

Ernst & Young Corporate Finance Pte Ltd has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Scheme.

HMI Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether or not to vote in favour of the Scheme. The advice of the IFA in relation to the Scheme is set out in the IFA Letter dated 3 October 2019 as set out in Appendix B to this Scheme Document.

LETTER TO HMI SHAREHOLDERS

12.2 Factors Taken Into Consideration by the IFA

In arriving at its recommendation, the IFA has taken into account certain considerations (an extract of which is reproduced in italics below). HMI Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix B to this Scheme Document.

“In arriving at our opinion and advice to the Independent Directors on the Scheme, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Scheme. The factors we have considered in our evaluation, which are discussed in detail in the earlier sections of this letter and which we have relied upon, are as follows:

- (a) **The premiums implied by the Scheme Consideration.** *Since the listing date of HMI Shares on the SGX-ST on 15 October 1999 up to the Latest Practicable Date, the closing price of HMI Shares exceeded the Scheme Consideration on only one trading day, being 14 November 2016.*

The Scheme Consideration represents premiums ranging from approximately 23.9% to 29.7% over the VWAPs for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Undisturbed Trading Day, and a premium of approximately 14.1% over the last transacted price on the Last Undisturbed Trading Day.

The Scheme Consideration represents premiums ranging from approximately 13.7% to 25.2% over the VWAPs for the periods 1 year, 6 months, 3 months and 1 month prior to the Joint Announcement Date, and a premium of approximately 10.6% over the last transacted price prior to the Joint Announcement Date.

For the period following the Joint Announcement Date up to the Latest Practicable Date, HMI Shares traded between S\$0.660 and S\$0.730 per HMI Share. The Scheme Consideration represents a premium of approximately 1.5% over the VWAP for the period following the Joint Announcement Date up to the Latest Practicable Date.

- (b) **The liquidity of HMI Shares.** *The average daily traded volume of HMI Shares for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Undisturbed Trading Day ranged from approximately 0.05% to 0.11% of the free float.*

The average daily traded volume of HMI Shares for the periods 1 year, 6 months, 3 months and 1 month prior to the Joint Announcement Date ranged from approximately 0.07% to 0.19% of the free float.

The average daily traded volume of HMI Shares for the period following the Joint Announcement Date up to the Latest Practicable Date represents approximately 0.86% of the free float.

- (c) **Comparison of valuation measures of the Company against those of the Comparable Companies.** *The Scheme Consideration represents implied EV/EBITDA, P/E and P/NAV Ratios of 18.1 times, 38.0 times and 6.6 times, respectively.*

The EV/EBITDA Ratio implied by the Scheme Consideration is within range of the EV/EBITDA Ratios of the Comparable Companies, below the average and above the median EV/EBITDA Ratios of the Comparable Companies.

LETTER TO HMI SHAREHOLDERS

The P/E Ratio implied by the Scheme Consideration is within the range of the P/E Ratios of the Comparable Companies, and above both the average and median P/E Ratios of the Comparable Companies.

The P/NAV Ratio implied by the Scheme Consideration is within the range of the P/NAV Ratios of the Comparable Companies, and above both the average and median P/NAV Ratios of the Comparable Companies.

- (d) **Analysis of the NAV and RNAV of the HMI Group.** Based on the Valuation Reports issued by the Independent Valuers, the Scheme Consideration represents a premium of approximately 461.5% over the unaudited RNAV of the HMI Group or P/RNAV Ratio of 5.6 times. While the unaudited RNAV is a relevant basis for comparison, it is not necessarily a realisable value as the market value of the Subject Properties and any tax liabilities arising from the sale of the Subject Properties may vary depending on prevailing market and economic conditions.
- (e) **Comparison with privatisation transactions for companies listed on the SGX-ST.** The premiums implied by the Scheme Consideration against the price of HMI Shares for different periods prior to and including the Last Undisturbed Trading Day and prior to the Joint Announcement Date are within the range of premiums of the Precedent Privatisation Transactions.

The P/NAV Ratio of 6.6 times implied by the Scheme Consideration is above the respective P/NAV Ratios of the Precedent Privatisation Transactions.

- (f) **Comparison with broker research price targets.** Prior to the announcement of the Scheme, the range of the broker research price targets is between S\$0.66 and S\$0.73, while the average price target is S\$0.70 and median price target is S\$0.71, which are generally lower than the Scheme Consideration.

Following the Scheme Consideration Announcement, CGS-CIMB Research Pte. Ltd., Maybank Kim Eng Securities Pte Ltd, Phillip Securities Pte Ltd and UOB Kay Hian Pte Ltd broker research reports recommended HMI Shareholders to accept the Scheme. Price target are at S\$0.68, S\$0.73, S\$0.73 and S\$0.73 respectively.

- (g) **No declaration or payment of any dividend from the date of the Implementation Agreement up to (and including) the Effective Date.** On 12 February 2018, the Company announced the adoption of a dividend policy to declare dividends of not less than 20.0% of the HMI Group's core operating earnings of any financial year. However, under the terms of the Scheme, if any dividend, right or other distribution is declared, paid or made by the Company to the HMI Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend, right or distribution. The Company has, pursuant to the Implementation Agreement, undertaken that it will not, during the period from the date of the Implementation Agreement up to (and including) the Effective Date, declare or pay any dividend or make any distribution (in cash or in kind) to HMI Shareholders.

LETTER TO HMI SHAREHOLDERS

- (h) **Waiver of rights to a general offer.** *By voting in favour of the Scheme, HMI Shareholders will be regarded as having waived their rights to a general offer by the NSI Concert Party Group to acquire the HMI Shares under the Code. Further, the HMI Shareholders would be agreeing to the NSI Concert Party Group acquiring or consolidating effective control of the Company without having to make a general offer.*
- (i) **Delisting of the HMI Shares.** *If and when the Scheme becomes effective and binding in accordance with its terms, the Company will become a wholly-owned subsidiary of the Offeror. The Company has made an application to seek approval-in-principle from the SGX-ST to delist and remove the Company from the Official List of the SGX-ST if and when the Scheme becomes effective and binding in accordance with its terms. The SGX-ST has, on 24 September 2019, advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to certain conditions.*
- (j) **Offeror's future intentions for the Company.** *The Offeror's future intentions for the Company does not include introducing any major changes to the business of HMI, re-deploying the fixed assets of HMI, or discontinuing the employment of the employees of the HMI Group, save in the ordinary course of business or as a result of any internal reorganisation or restructuring within the HMI Group which may be implemented after the Effective Date.*
- The Offeror also intends and desires that there is continuity of management and minimal interruption of the HMI Group's business, and will establish the Management Incentive Arrangements to grant the senior executives and/or key employees of the HMI Group certain equity incentives if certain conditions and/or targets are met.*
- (k) **Shareholding structure of the Offeror.** *There are two scenarios illustrating the resultant shareholdings of the Offeror immediately following the settlement of the Scheme Consideration, both of which will result in the controlling shareholders of the Offeror remaining the same as the controlling shareholders of the Company as at the Latest Practicable Date.*
- (l) **Offeror Shares.** *The Offeror Shares will not be listed on any securities exchange when allotted and issued on the Settlement Date. In addition, there are risks involved with investing in the Offeror Shares, including, among others, the Offeror having no track record and may not perform in the same manner as HMI, the Offeror Shares not being freely transferable, and no assurance that the Offeror will declare dividends on Offeror Shares.*
- (m) **No alternative offer.** *As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the HMI Shares.*

12.3 Advice of the IFA

After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at the Latest Practicable Date, the IFA has given its advice in respect of the Scheme to the Independent Directors (an extract of which is reproduced in italics below).

HMI Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix B to this Scheme Document.

LETTER TO HMI SHAREHOLDERS

“Having considered the factors and the assumptions set out in this letter, and subject to the qualifications set out herein, we are of the opinion that the financial terms of the Scheme are fair and reasonable. Accordingly, we advise the Independent Directors to recommend that HMI Shareholders vote in favour of the Scheme at the Scheme Meeting.”

13. INDEPENDENT DIRECTORS' RECOMMENDATION

13.1 Independence

The SIC has ruled that the following Directors are exempted from the requirement to make a recommendation on the Scheme to HMI Shareholders as they are regarded as concert parties of the Offeror in view of the Additional Undertakings and would therefore face an irreconcilable conflict of interest:

- (a) Dr. Gan See Khem, the Executive Chairman and Managing Director of the Company;
- (b) Ms. Chin Wei Jia, the Executive Director and Group Chief Executive Officer of the Company; and
- (c) Mr. Chin Wei Yao, the Executive Director and Group Chief Investment Officer of the Company.

Nonetheless, each of Dr. Gan See Khem, Ms. Chin Wei Jia and Mr. Chin Wei Yao must still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, the Company in connection with the Scheme.

Save for Dr. Gan See Khem, Ms. Chin Wei Jia and Mr. Chin Wei Yao, all the other Directors consider themselves to be independent for the purpose of making a recommendation to HMI Shareholders in respect of the Scheme.

13.2 Recommendation

The Independent Directors, having considered carefully the terms of the Scheme and the advice given by the IFA in the IFA Letter as set out in Appendix B to this Scheme Document, recommend that HMI Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

The HMI Shareholders are reminded that upon the Scheme becoming effective in accordance with its terms, it will be binding on all HMI Shareholders, whether or not they attended or voted at the Scheme Meeting, and, if they attended and voted at the Scheme Meeting, whether or not they voted in favour of the Scheme.

The HMI Shareholders should also be aware and note that there is no assurance that the trading volumes and market prices of the HMI Shares will be maintained at the current levels prevailing as at the Latest Practicable Date if the Scheme does not become effective and binding for whatever reason. The HMI Shareholders should also be aware and note that there is currently no certainty that the Scheme will become effective and binding.

LETTER TO HMI SHAREHOLDERS

The HMI Shareholders should read and consider carefully this Scheme Document in its entirety, in particular, the advice of the IFA in the IFA Letter as set out in Appendix B to this Scheme Document before deciding whether or not to vote in favour of the Scheme.

13.3 No Regard to Specific Objectives

The Independent Directors advise HMI Shareholders, in deciding whether or not to vote in favour of the Scheme, to carefully consider the advice of the IFA and in particular, the various considerations highlighted by the IFA in the IFA Letter as set out in Appendix B to this Scheme Document.

In giving the above recommendation, the Independent Directors have not had regard to the specific objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints and circumstances of any individual HMI Shareholder.

As each HMI Shareholder would have different investment objectives and profiles, the Independent Directors recommend that any individual HMI Shareholder who may require advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

14. DIRECTORS' INTERESTS AND INTENTIONS WITH RESPECT TO THEIR HMI SHARES

The interests of Directors in the HMI Shares as at the Latest Practicable Date are set out in Appendix D to this Scheme Document.

All the Directors who legally and/or beneficially own HMI Shares (amounting to approximately 3.7% of the total number of HMI Shares), as set out in paragraph 5.3 of Appendix D to this Scheme Document (save for Dr. Gan See Khem, Ms. Chin Wei Jia and Mr. Chin Wei Yao who will abstain from voting on the Scheme), have informed the Company that they will **VOTE IN FAVOUR** of the Scheme in respect of all such HMI Shares at the Scheme Meeting.

15. GENERAL INFORMATION AND INFORMATION ABOUT IMPLEMENTATION OF THE SCHEME INCLUDING ELECTION AND SETTLEMENT PROCEDURES

Your attention is drawn to the further relevant information in the Explanatory Statement and the Appendices to this Scheme Document.

In particular, your attention is also drawn to paragraphs 11 to 13 of the Explanatory Statement set out in Appendix A to this Scheme Document explaining (a) the process for Election between Cash Consideration and Securities Consideration, and (b) the procedures and timing for settlement of the Scheme Consideration.

16. OVERSEAS SHAREHOLDERS

16.1 Overseas Shareholders

The applicability of the Scheme to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements, restrictions or prohibitions in their own jurisdictions.

Overseas Shareholders who are in doubt as to their positions should consult their own professional advisers in the relevant jurisdictions.

LETTER TO HMI SHAREHOLDERS

16.2 Copies of Scheme Document

The Constitution provides that any HMI Shareholder whose registered address is outside Singapore and who has not supplied an address within Singapore for the service of notices and documents shall not be entitled to receive any such notices or documents from the Company. Accordingly, the Scheme Document has not been and will not be sent to any Overseas Shareholder.

For the avoidance of doubt, the Scheme is being proposed to all the HMI Shareholders (including the Overseas Shareholders), including those to whom this Scheme Document will not be, or may not be, sent, provided that this Scheme Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

HMI Shareholders (including Overseas Shareholders) may obtain copies of this Scheme Document and any related documents during normal business hours and up to the date of the Scheme Meeting from the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. Alternatively, an Overseas Shareholder may write in to the Share Registrar at the same address to request for this Scheme Document and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three (3) Market Days prior to the date of the Scheme Meeting.

It is the responsibility of any Overseas Shareholder who wishes to request for this Scheme Document and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements. In requesting for this Scheme Document and any related documents or participating in the Scheme, the Overseas Shareholder represents and warrants to the Offeror and the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **If any Overseas Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.**

16.3 Notice

The Offeror and the Company each reserves the right to notify any matter, including the fact that the Scheme has been proposed, to any or all HMI Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any HMI Shareholder (including any Overseas Shareholder) to receive or see such announcement or advertisement. For the avoidance of doubt, for as long as Company remains listed on the SGX-ST, the Company will continue to notify all HMI Shareholders (including Overseas Shareholders) of any matter relating to the Scheme by announcement via SGXNET.

Notwithstanding that any Overseas Shareholder may not receive the notice of the Scheme Meeting, they shall be bound by the Scheme if the Scheme becomes effective in accordance with its terms.

LETTER TO HMI SHAREHOLDERS

16.4 Foreign Jurisdiction

It is the responsibility of any Overseas Shareholder who wishes to participate in the Scheme to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements. In participating in the Scheme, the Overseas Shareholder represents and warrants to the Offeror and the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Overseas Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

17. ACTION TO BE TAKEN BY HMI SHAREHOLDERS

HMI Shareholders who are unable to attend the Scheme Meeting are requested to complete the enclosed Proxy Form in accordance with the instructions printed thereon and lodge them with the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time fixed for the Scheme Meeting.

The completion and lodgement of the Proxy Form will not prevent HMI Shareholders from attending and voting in person at the Scheme Meeting if they subsequently wish to do so. In such event, the relevant Proxy Form will be deemed to be revoked.

18. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors should consult their respective CPF Agent Banks and SRS Agent Banks for further information on the Scheme. If they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

19. DIRECTORS' RESPONSIBILITY STATEMENTS

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Scheme Document (other than the information in Appendices B, C and H to this Scheme Document, and any information relating to or opinions expressed by the Offeror Concert Party Group, the IFA and/or the HMI Valuers) and the Gatefold and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Scheme Document and the Gatefold constitute full and true disclosure of all material facts about the Acquisition, the Scheme and the HMI Group, and the Directors are not aware of any facts the omission of which would make any statement in this Scheme Document misleading.

Where any information in this Scheme Document and the Gatefold has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including the Offeror Concert Party Group, the IFA and/or the HMI Valuers), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources or, as the case may be, reflected or reproduced in this Scheme Document and the Gatefold in its proper form and context.

LETTER TO HMI SHAREHOLDERS

In respect of the IFA Letter and the extracts or certificates of the Valuation Reports as set out in Appendices B and H to this Scheme Document respectively, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the HMI Group are fair and accurate.

Yours faithfully

For and on behalf of the Board of Directors of
Health Management International Ltd

This page has been intentionally left blank.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

PROPOSED ACQUISITION OF THE COMPANY BY THE OFFEROR BY WAY OF THE SCHEME

1. INTRODUCTION

1.1 Joint Announcement of the Acquisition and the Scheme

On 5 July 2019, the Company and the Offeror jointly announced the proposed acquisition of all the issued ordinary shares in the capital of the Company by the Offeror, which will be effected by the Company by way of a scheme of arrangement in accordance with Section 210 of the Companies Act and the Code.

1.2 Effect of the Scheme and Delisting

Upon the Scheme becoming effective and binding in accordance with its terms, the Company will become a wholly-owned subsidiary of the Offeror.

An application was made by the Company to seek approval-in-principle from the SGX-ST to delist and remove the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST has, on 24 September 2019, advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to:

- (a) the approval of the HMI Shareholders for the Scheme;
- (b) the approval by the Court of the Scheme; and
- (c) an unqualified opinion from an independent financial adviser that the financial terms of the Scheme are fair and reasonable to the HMI Shareholders.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the proposed delisting and removal of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

1.3 Explanatory Statement

The purpose of this Explanatory Statement is to provide HMI Shareholders with information on the Scheme and to explain the rationale for and effect of the Scheme. This Explanatory Statement should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out in Appendix O to this Scheme Document.

Capitalised terms used in this Explanatory Statement which are not defined herein shall bear the same meanings ascribed to them in this Scheme Document.

2. GENERAL

2.1 What is a scheme of arrangement?

Under Singapore law, a scheme of arrangement of the kind proposed here is a compromise or arrangement provided for under Section 210 of the Companies Act to take effect between a company and its members or creditors. The arrangement becomes legally binding on **all of the members** or creditors to whom it is intended to apply if a majority in number and representing three-fourths in value of the members or creditors, voting in person or by proxy, vote in favour of it at the meeting convened with the permission of the Court and if the Court subsequently approves it.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

2.2 What are HMI Shareholders required to do?

If you are a HMI Shareholder, you are entitled to vote at the Scheme Meeting for the purpose of approving the Scheme. The Scheme Meeting will be held on 18 October 2019 at 3.00 p.m., notice of which is set out in Appendix P to the Scheme Document. You may attend the Scheme Meeting in person or you may vote by proxy in accordance with paragraphs 16 and 17 of the Letter to HMI Shareholders.

3. RATIONALE FOR THE ACQUISITION

The rationale for the Acquisition is set out in paragraphs 6.1 and 7 of the Offeror's Letter as set out in Appendix C to this Scheme Document.

4. THE SCHEME

4.1 Terms of the Scheme

The Scheme is proposed to all HMI Shareholders.

Under the Scheme:

- (a) all the HMI Shares held by the Entitled HMI Shareholders as at the Books Closure Date will be transferred to the Offeror:
 - (i) fully paid up;
 - (ii) free from all Encumbrances; and
 - (iii) together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date. If any dividend, right or other distribution is declared, paid or made by the Company to the HMI Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend, right or distribution. In this connection, the Company has, pursuant to the Implementation Agreement, undertaken that it will not, during the period from the date of the Implementation Agreement up to (and including) the Effective Date, declare or pay any dividend or make any distribution (in cash or in kind) to HMI Shareholders; and
- (b) in consideration for such transfer, each Entitled HMI Shareholder as at the Books Closure Date will be entitled to receive for each HMI Share, at their election
 - (i) the Cash Consideration, being **S\$0.730** in cash; **OR**
 - (ii) in lieu of the Cash Consideration, the Securities Consideration, being **one** new Offeror Share which the Offeror shall allot and issue, duly authorised, fully paid up and free from all Encumbrances, at the Issue Price, being **S\$0.730** per Offeror Share,

provided always that no more than the Maximum Number of HMI Shares¹ may be elected for the Securities Consideration.

¹ 686,218,454 HMI Shares, representing approximately 81.95% of all the HMI Shares, based on 837,337,946 HMI Shares in issue (excluding 1,642,934 treasury shares) as at the Latest Practicable Date.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

In the event that the aggregate number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number:

- (A) the Maximum Number will be allocated among the Entitled HMI Shareholders who elected for the Securities Consideration on a pro-rata basis according to the number of HMI Shares they hold as at the Books Closure Date (relative to one another); and
- (B) in respect of the balance number of HMI Shares that are elected for the Securities Consideration in excess of the Maximum Number, each relevant Entitled HMI Shareholder who elected for the Securities Consideration shall receive in cash an amount equivalent to the Issue Price of each Offeror Share which cannot be allotted and issued to such Entitled HMI Shareholder,

(the “**Adjustment Mechanism**”).

The Issue Price of each Offeror Share under the Securities Consideration will be the same as the Cash Consideration.

Further details on the Offeror Shares are set out in paragraph 2.2 of the Offeror’s Letter as set out in Appendix C to this Scheme Document.

In respect of the Cash Consideration or the cash component of the Securities Consideration (in the event that the Adjustment Mechanism applies), the aggregate cash amount that is payable to any Entitled HMI Shareholder in respect of the HMI Shares held by such Entitled HMI Shareholder shall be rounded to the nearest S\$0.01.

Subject to the Adjustment Mechanism, in respect of the Securities Consideration, the aggregate number of Offeror Shares which each Entitled HMI Shareholder will be entitled to pursuant to the Scheme, based on the HMI Shares held by such Entitled HMI Shareholder as at the Books Closure Date, will be rounded down to the nearest whole number, and fractional entitlements shall be disregarded in the calculation of the aggregate Offeror Shares to be issued to any Entitled HMI Shareholder pursuant to the Scheme.

Where the aggregate number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number, the Adjustment Mechanism shall apply and an Entitled HMI Shareholder who elected to receive the Securities Consideration would not be entitled to re-elect to receive the Cash Consideration with respect to all or any of his Directly-Held HMI Shares or Indirectly-Held HMI Shares.

4.2 Adjustment Mechanism

The Adjustment Mechanism is set out in Schedule A to the Offeror’s Letter as set out in Appendix C to this Scheme Document, an extract of which is reproduced in italics below:

“Where the aggregate number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number, the Adjustment Mechanism shall apply and an Entitled HMI Shareholder who elected to receive the Securities Consideration would not be entitled to re-elect to receive the Cash Consideration with respect to all or any of his

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

Directly-Held HMI Shares or Indirectly-Held HMI Shares. The number of Offeror Shares to be allotted and issued to an Entitled HMI Shareholder who has elected to receive the Securities Consideration shall be calculated in accordance with the following formula:

$$N = \frac{S}{T} \times M$$

where:

“N” is the number of Offeror Shares to be allotted and issued to such Entitled HMI Shareholder;

“S” is the number of HMI Shares held by such Entitled HMI Shareholder;

“T” is the aggregate number of HMI Shares that are elected for the Securities Consideration; and

“M” is the Maximum Number.

As an example and purely for illustration purposes only, assuming that an aggregate of 800,000,000 HMI Shares are elected for the Securities Consideration and an Entitled HMI Shareholder elects to receive the Securities Consideration in respect of the 1,000 HMI Shares held by him, the Scheme Consideration will be paid to such Entitled HMI Shareholder in the following manner:

- *Number of Offeror Shares received: $(1,000/800,000,000) \times 686,218,454 = 857$ (rounded down to the nearest whole number pursuant to **paragraph 1.1** of this **Schedule A** to this Letter)*
- *Amount of cash received: $S\$0.730 \times (1,000 - 857) = S\104.39*

Where the aggregate number of HMI Shares that are elected for the Securities Consideration is less than or equal to the Maximum Number, each Entitled HMI Shareholder who has elected to receive the Securities Consideration will receive one Offeror Share for each HMI Share held by him.”

4.3 Election

Each Entitled HMI Shareholder:

- (a) who is holding Directly-Held HMI Shares shall only be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Securities Consideration for all of its Directly-Held HMI Shares, but not a combination of both; and
- (b) who is holding Indirectly-Held HMI Shares, shall in respect of each such sub-account holder, be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Securities Consideration for all the Indirectly-Held HMI Shares held on behalf of such sub-account holder, but not a combination of both,

(each HMI Shareholder under paragraph 4.3(a) and Depository Agent (for and on behalf of each sub-account holder under paragraph 4.3(b)) shall be referred to as an **“Electing Party”**).

APPENDIX A – EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

If a HMI Shareholder holds both Directly-Held HMI Shares and Indirectly-Held HMI Shares through securities sub-account(s) with Depository Agent(s), such HMI Shareholder shall elect to receive either the Cash Consideration or the Securities Consideration (and not a combination of the two) in respect of all of its Directly-Held HMI Shares, and direct the Depository Agent(s) to elect to receive the same form of the Scheme Consideration in respect of all of its Indirectly-Held HMI Shares.

In the event that any Electing Party:

- (i) fails to elect to receive a Scheme Consideration within the Election Period, whether due to an absence or failure of a valid election;
- (ii) to the extent applicable under the laws of the Cayman Islands and upon being notified by the Offeror, fails to provide such details and/or information as may be required to satisfy the requirements of the anti-money laundering regulations of the Cayman Islands;
- (iii) elects to receive the Securities Consideration or Cash Consideration in respect of some only and not all of its HMI Shares;
- (iv) holds both Directly-Held HMI Shares and Indirectly-Held HMI Shares through securities sub-account(s) with Depository Agent(s) and does not elect to receive and direct its Depository Agent(s) to elect to receive the same form of the Scheme Consideration in respect of all its Directly-Held HMI Shares and Indirectly-Held HMI Shares respectively, and the Offeror is notified of such occurrence; and/or
- (v) maintains an address recorded in the Register of Members or the Depository Register (as defined in Section 81SF of the SFA) (as the case may be) that is not within Singapore and does not provide HMI with an address in Singapore prior to 5.00 p.m. on the Election Closing Date,

such Electing Party shall be deemed to have elected to receive the Cash Consideration for all of its HMI Shares, and shall be entitled only to receive the Cash Consideration for all of its HMI Shares as at the Books Closure Date.

In addition, if the Share Registrar or CDP (as the case may be) fails to receive, from any Electing Party, an Election Form or Electronic Election by 5.00 p.m. on the Election Closing Date or receives an Election Form or Electronic Election which does not comply with the instructions contained in the Election Form or the terms and conditions contained in this Scheme Document, or which is not complete or is invalid in any other respect, that Electing Party shall be deemed to have elected the Cash Consideration in respect for all of its HMI Shares.

Further information about the election process as well as the settlement and registration of the Scheme Consideration can be found in paragraphs 11 to 13 of this Explanatory Statement and Schedule A to the Offeror's Letter as set out in Appendix C to this Scheme Document.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

4.4 No Cash Outlay

HMI Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the HMI Shareholders under the Scheme.

4.5 Waiver of Rights to a General Offer

HMI Shareholders should note that by voting in favour of the Scheme, HMI Shareholders will be regarded as having waived their rights to a general offer by the NSI Concert Party Group to acquire the HMI Shares under the Code and are agreeing to the NSI Concert Party Group acquiring or consolidating effective control of the Company without having to make a general offer.

5. VOTING AND/OR ELECTION UNDERTAKINGS

5.1 Voting and/or Election Undertaking

As stated in paragraph 3.1 of the Offeror's Letter as set out in Appendix C to this Scheme Document, each of the Undertaking Shareholders has given a Voting and/or Election Undertaking to, *inter alia*:

- (a) vote, or procure the voting, in favour of (or in the case of the NSI Concert Party Group only, abstain, or procure the abstaining, from voting on) the Scheme at the Scheme Meeting;
- (b) vote, or procure the voting, against and reject any and all resolutions or proposals to approve, implement, carry out or give effect to any Competing Offer by a third party;
- (c) comply with certain non-solicitation and no-talk provisions, in their capacity as a HMI Shareholder; and
- (d) where applicable, elect to accept or procure to elect to accept, in respect of the relevant Undertaking Shareholder's HMI Shares:
 - (i) in the case of Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan, the Cash Consideration; and
 - (ii) in the case of NSI, MMSB and the Other Undertaking Shareholders as set out in Schedule D to the Offeror's Letter as set out in Appendix C of this Scheme Document, the Securities Consideration.

As at the Latest Practicable Date, the Undertaking Shareholders have each given the Voting and/or Election Undertaking to the Offeror in respect of 517,555,054 HMI Shares held legally and/or beneficially by the Undertaking Shareholders in the aggregate as at the Joint Announcement Date, representing approximately 61.8% of all the HMI Shares.

Further details of the HMI Shares held by the Undertaking Shareholders as at the Latest Practicable Date are set out in Schedule D to the Offeror's Letter as set out in Appendix C to this Scheme Document.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

5.2 Termination of Voting and/or Election Undertaking

The Voting and/or Election Undertakings will terminate on the earlier of the following dates:

- (a) the Implementation Agreement is not terminated, the Effective Date; or
- (b) if the Implementation Agreement lapses or is terminated, the date on which the Implementation Agreement is terminated or lapses without the Scheme becoming effective in accordance with its terms.

5.3 No Other Voting and/or Election Undertaking

Save for the Voting and/or Election Undertakings, no person has given any irrevocable undertaking to any member of the Offeror Concert Party Group to vote in favour of the Scheme as at the Latest Practicable Date.

5.4 Illustrative Resultant Shareholdings in the Offeror

The possible shareholding structures of the Offeror immediately following settlement of the Scheme Consideration are set out in paragraph 3.2 of Schedule B to the Offeror's Letter as set out in Appendix C to this Scheme Document, an extract of which is reproduced in italics below:

“3.2 For illustration purposes only, the possible shareholding structures of the Offeror immediately following settlement of the Scheme Consideration, based on two different scenarios, are set out below:

3.2.1 Scenario 1 – *Assuming that only NSI, MMSB and the Other Undertaking Shareholders as set out in **Schedule D** to this Letter elect to receive the Securities Consideration, and no other Shareholders elect to receive the Securities Consideration. In such a scenario, as the number of HMI Shares that are elected for the Securities Consideration falls below the Maximum Number, the Adjustment Mechanism does not apply:*

	NewCo	NSI	MMSB	Other Undertaking Shareholders
<i>Pro Forma Shareholding Percentage in the Offeror (per cent.)</i>	30.5	42.4	19.8	7.3

Notes: Scenario 1 also assumes the following:

- (1) a total sum of S\$105 million being drawn down from the Acquisition Debt Financing (from which any draw down fees incurred by, or amounts funded into any interest reserve accounts of, the Offeror pursuant to the terms and conditions of the Acquisition Debt Financing, shall be net off against the principal amount being drawn down therefrom);
- (2) a maximum sum of S\$4 million in the aggregate being incurred as transaction costs in connection with the Scheme and the Acquisition, and any costs incurred in relation to the financing of the foregoing (excluding any draw down fees incurred by, or amounts funded into any interest reserve accounts of, the Offeror set out in Note (1) above); and
- (3) each of the Undertaking Shareholders elects to receive the Scheme Consideration based on the number of HMI Shares set out against their respective names in **Schedule D** to this Letter.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

3.2.2 Scenario 2 – Assuming that all Shareholders elect to receive the Securities Consideration, save for Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan, who will elect to receive the Cash Consideration. In such a scenario, as the number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number, the Adjustment Mechanism shall apply:

	NewCo	NSI	MMSB	Other Undertaking Shareholders	Other HMI Shareholders
<i>Pro Forma Shareholding Percentage in the Offeror (per cent.)</i>	18.6	30.0	14.0	5.2	32.2

Notes: Scenario 2 also assumes the following:

- (1) no amount being drawn down from the Acquisition Debt Financing;
- (2) a maximum sum of S\$4 million in the aggregate being incurred as transaction costs in connection with the Scheme and the Acquisition, and any costs incurred in relation to the financing of the foregoing; and
- (3) each of the Undertaking Shareholders elects to receive the Scheme Consideration based on the number of HMI Shares set out against their respective names in **Schedule D** to this Letter.”

6. INFORMATION ON THE OFFEROR, NEWCO, TOPCO AND EQT GP

Information on the Offeror, NewCo, TopCo and EQT GP, as well as the Offeror’s rationale for the Acquisition and future intentions for the HMI Group, can be found in the Offeror’s Letter as set out in Appendix C to this Scheme Document.

7. SCHEME MEETING

7.1 Scheme Meeting

The Scheme, which is proposed pursuant to Section 210 of the Companies Act, is required to be approved by the HMI Shareholders at the Scheme Meeting. By an order of the Court, the Scheme Meeting was directed to be convened for the purpose of approving the Scheme.

By proposing that the Acquisition be implemented by way of a scheme of arrangement under Section 210 of the Companies Act, the Company is providing HMI Shareholders with the opportunity to decide at the Scheme Meeting whether they consider the Scheme to be in their best interests.

The Scheme must be approved at the Scheme Meeting by a majority in number of HMI Shareholders, present and voting, either in person or by proxy at the Scheme Meeting, such majority representing not less than three-fourths in value of the HMI Shares voted at the Scheme Meeting.

If and when the Scheme becomes effective, it will be binding on all HMI Shareholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting, and, whether or not they voted for or against the Scheme Resolution.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

7.2 Notice

The notice of the Scheme Meeting is set out in Appendix P of this Scheme Document. You are requested to take note of the date, time and venue of the Scheme Meeting.

8. CONDITIONS OF THE SCHEME

8.1 Scheme Conditions

The Scheme is conditional upon the satisfaction (or, where applicable, the waiver) of the Scheme Conditions by the Conditions Long-Stop Date.

A list of the Scheme Conditions is set out in Appendix I to this Scheme Document

8.2 Update on Status of Scheme Conditions

Set out below is an update on the status of the Scheme Conditions:

- (a) The SIC has by way of a letter dated 4 July 2019 confirmed, *inter alia*, that:
- (i) the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to certain conditions;
 - (ii) it has no objections to the Adjustment Mechanism; and
 - (iii) it has no objections to the Scheme Conditions.

Please refer to paragraph 9.1 of this Explanatory Statement for further details.

- (b) The SGX-ST has on 24 September 2019 given its clearance for this Scheme Document and has also advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST.

Please refer to paragraph 9.3 of this Explanatory Statement for further details.

Other than as set out in this paragraph 8.2, none of the other Scheme Conditions have, as at the Latest Practicable Date, been satisfied (or, where applicable, waived).

8.3 Remaining Scheme Conditions

Accordingly, as at the Latest Practicable Date, the Scheme is conditional upon the satisfaction (or, where applicable, waiver) of the remaining Scheme Conditions as set out in Appendix I to this Scheme Document by the Conditions Long-Stop Date.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

8.4 Non-fulfilment of Scheme Conditions

The Scheme will only become effective and binding if all the Scheme Conditions have been satisfied or, where applicable, waived, in accordance with the terms of the Implementation Agreement. HMI Shareholders should note that if any of the Scheme Conditions is not satisfied (or, where applicable, waived) on or before 11.59 p.m. on the Conditions Long-Stop Date, the Scheme will not become effective and binding.

8.5 Benefit of Certain Scheme Conditions

(a) Offeror's Benefit

The Offeror alone may waive any Scheme Condition in paragraphs (f) (*Third Parties*), (h) (*No Prescribed Occurrence*) (insofar as it relates to any Prescribed Occurrence in relation to any HMI Group Company), (i) (*Company Representations, Warranties and Covenants*) and (k) (*Material Licences*) of Appendix I to this Scheme Document. Any breach or non-fulfilment of any such Scheme Condition may be relied upon only by the Offeror. The Offeror may at any time and from time to time at its sole and absolute discretion waive any such breach or non-fulfilment.

(b) Company's Benefit

The Company alone may waive any Scheme Condition in paragraph (h) (*No Prescribed Occurrence*) (insofar as it relates to any Prescribed Occurrence in relation to the Offeror), and (j) (*Offeror Representations, Warranties and Covenants*) of Appendix I to this Scheme Document. Any breach or non-fulfilment of any such Scheme Condition may be relied upon only by the Company. The Company may at any time and from time to time at its sole and absolute discretion waive such breach or non-fulfilment.

(c) Mutual Benefit

The Company and the Offeror may jointly waive the Scheme Conditions in paragraphs (e) (*Authorisations*) and (g) (*No Legal or Regulatory Restraint*) (in each case, to the extent legally permissible) of Appendix I to this Scheme Document. For the avoidance of doubt, the Company and the Offeror agree that the Scheme Conditions in paragraphs (a) to (d) of Appendix I to this Scheme Document are not capable of being waived by any Party or both Parties.

APPENDIX A – EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

8.6 Termination Rights

Shareholders should note that:

(a) Right to Terminate

The Implementation Agreement provides that the Implementation Agreement may be terminated with immediate effect by giving notice in writing at any time prior to the Relevant Date, subject to prior consultation with the SIC, and the SIC giving its approval for, and stating that it has no objection to, such termination:

- (i) **Court Order:** by either the Offeror or the Company, if any court of competent jurisdiction or Governmental Agency has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, the Acquisition or any part thereof, or has refused to do anything necessary to permit the Scheme, the Acquisition or any part thereof, and such order, decree, ruling, other action or refusal shall have become final and non-appealable;
- (ii) **Breach:** by either:
 - (A) the Offeror, if the Company (I) is in breach of the representations and warranties of the HMI Group set out in the Implementation Agreement (or would be if the representations and warranties were repeated at that time) which are material in the context of the Scheme, and the Company fails to remedy such breach (if capable of remedy) within 30 days after being given written notice by the Offeror to do so; or (II) have failed to perform and comply in all material respects with any matters referred to in paragraph (i) of Appendix I to this Scheme Document on or prior to the Relevant Date; or
 - (B) the Company, if the Offeror (I) is in breach of the representations and warranties of the Offeror set out in the Implementation Agreement (or would be if the representations and warranties were repeated at that time) which are material in the context of the Scheme, and the Offeror fails to remedy such breach (if capable of remedy) within 30 days after being given written notice by the Company to do so; or (II) have failed to perform and comply in all material respects with any matters referred to in paragraph (j) of Appendix I to this Scheme Document on or prior to the Relevant Date;
- (iii) **HMI Shareholders' Approvals:** by either the Offeror or the Company, if the resolution submitted to the Scheme Meeting is not approved by the requisite majority at the Scheme Meeting; or
- (iv) **Competing Offer:** by either the Offeror or the Company, if a Competing Offer becomes or is declared unconditional in all respects (or its equivalent) and/or is completed.

APPENDIX A – EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

(b) Termination on Non-fulfilment of Scheme Conditions

Subject to paragraph 8.5 of this Explanatory Statement, if for any reason:

- (i) any of the Scheme Conditions set out in paragraphs (a) to (e) and (g) of Appendix I to this Scheme Document is not satisfied (or, if applicable, has not been waived), or if the Scheme has not become effective on or before the Conditions Long-Stop Date, either the Offeror or the Company may immediately terminate the Implementation Agreement (save for certain surviving provisions), the Acquisition and the Scheme by notice in writing to the Company or the Offeror (as the case may be);
- (ii) any of the Scheme Conditions set out in paragraphs (f), (h) (in relation to any Prescribed Occurrence relating to any Relevant HMI Group Company), (i) and (k) of Appendix I to this Scheme Document is not satisfied (or, if applicable, has not been waived), on or before 11.59 p.m. on the Conditions Long-Stop Date, the Offeror may immediately terminate the Implementation Agreement (save for certain surviving provisions), the Acquisition and the Scheme by notice in writing to the Company; or
- (iii) any of the Scheme Conditions set out in paragraphs (h) (in relation to any Prescribed Occurrence relating to the Offeror) and (j) of Appendix I to this Scheme Document is not satisfied (or, if applicable, has not been waived), on or before 11.59 p.m. on the Conditions Long-Stop Date, the Company may immediately terminate the Implementation Agreement (save for certain surviving provisions), the Acquisition and the Scheme by notice in writing to the Offeror,

in each case, provided that: (A) the non-fulfilment of any Scheme Condition is material in the context of the Acquisition, (B) there was prior consultation with the SIC, and (C) the SIC has given its approval for, and stated that it has no objection to, such termination.

(c) Effect of Termination

In the event of termination of the Implementation Agreement by either the Company or the Offeror (as the case may be) pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (save for certain surviving provisions) and there shall be no liability on the part of any of the Company or the Offeror except that in the event of termination of the Implementation Agreement by either the Offeror or the Company, to the extent that there is a breach by the Company of the Non-Solicit Provision, the Company shall fully compensate the Offeror for all the costs and expenses incurred by or on behalf of the Offeror in connection with the Acquisition, the Scheme and/or the Acquisition Debt Financing, including the fees and disbursements of counsel, auditors, advisers and/or underwriters engaged by or on behalf of the Offeror in connection with the Acquisition, the Scheme and/or the Acquisition Debt Financing, subject to a maximum amount of S\$1.5 million.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

8.7 Obligations of the Offeror

Pursuant to the terms of the Implementation Agreement, the Offeror shall execute all documents and do or cause to be done all acts and things necessary for the completion of the Acquisition and/or the implementation of the Scheme, as expeditiously as practicable, including the obligations set out in Appendix M to this Scheme Document.

8.8 Obligations of the Company

Pursuant to the terms of the Implementation Agreement, the Company shall execute all documents and do or cause to be done all acts and things necessary for the completion of the Acquisition and/or the implementation of the Scheme, as expeditiously as practicable, including the obligations set out in Appendix N to this Scheme Document.

9. SCHEME CONDITIONS AND REGULATORY APPROVALS

9.1 SIC

(a) Code

The SIC has by way of a letter dated 4 July 2019, confirmed, *inter alia*, that it has no objections to the Adjustment Mechanism and the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to the following conditions:

- (i) the Offeror and its concert parties abstain from voting on the Scheme;
- (ii) the common substantial shareholders of the Offeror and the Company, if any, abstain from voting on the Scheme;
- (iii) NSI and its concert parties (being Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan) (being a person who would, with its concert parties, as a result of the Scheme, acquire 30% or more voting rights in the Offeror), abstain from voting on the Scheme;
- (iv) the directors of the Company who are also directors of the Offeror and its concert parties, if any, abstain from making a recommendation on the Scheme to the HMI Shareholders;
- (v) the Company appoints an independent financial adviser to advise the HMI Shareholders on the Scheme;
- (vi) the Scheme Document containing advice to the effect that by voting for the Scheme, the HMI Shareholders are agreeing to NSI and its concert parties acquiring or consolidating effective control in the Company without having to make a general offer for the Company; and
- (vii) the Scheme Document discloses the names of NSI and its concert parties, their current voting rights in the Company as of the Latest Practicable Date in relation to the Scheme Document and their voting rights in the Company after the Scheme.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

As at the Latest Practicable Date, in respect of the conditions set out above:

- (A) there are no common substantial shareholders of the Offeror and the Company;
- (B) to the extent that any member of the NSI Concert Party Group holds HMI Shares, such parties will abstain from voting their HMI Shares on the Scheme at the Scheme Meeting;
- (C) Dr. Gan See Khem, Ms. Chin Wei Jia and Mr. Chin Wei Yao who are directors of NSI (being a member of the Offeror Concert Party Group) shall abstain from making a recommendation on the Scheme to the HMI Shareholders; and
- (D) the Company has appointed the IFA to advise the HMI Shareholders on the Scheme.

(b) Scheme Conditions

The SIC has by way of its letter dated 4 July 2019, confirmed, *inter alia*, that it has no objections to the Scheme Conditions.

(c) Additional Undertakings

The SIC has by way of its letter dated 4 July 2019, confirmed that the Additional Undertakings do not constitute special deals for the purposes of Rule 10 of the Code.

9.2 Court

The Scheme is subject to the sanction of the Court as stated in paragraph (b) of Appendix I to this Scheme Document.

9.3 SGX-ST

As set out in paragraph 10 of this Explanatory Statement, an application was made to seek approval-in-principle from the SGX-ST to delist and remove the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms.

10. EFFECT OF THE SCHEME AND DELISTING

If and when the Scheme becomes effective and binding in accordance with its terms, the Company will become a wholly-owned subsidiary of the Offeror and consequently will not be able to meet the listing requirements of the SGX-ST.

An application was made by the Company to seek approval-in-principle from the SGX-ST to delist and remove the Company from the Official List of the SGX-ST if and when the Scheme becomes effective and binding in accordance with its terms. The SGX-ST has, on 24 September 2019, advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to:

- (a) the approval of the HMI Shareholders for the Scheme;
- (b) the approval by the Court of the Scheme; and
- (c) an unqualified opinion from an independent financial adviser that the financial terms of the Scheme are fair and reasonable to the HMI Shareholders.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the proposed delisting and removal of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

HMI SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE HMI SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

11. IMPLEMENTATION OF THE SCHEME

11.1 Application to Court for Sanction

Upon the Scheme being approved by a majority in number of HMI Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the HMI Shares voted at the Scheme Meeting, an application will be made to the Court by the Company for the sanction of the Scheme.

11.2 Election

(a) Election Forms

Each Entitled HMI Shareholder (other than Entitled Depository Agents) may elect whether to receive the Cash Consideration for all of its HMI Shares or the Securities Consideration in respect of all of its HMI Shares. The Election Forms will be despatched by the Offeror (or on its behalf) on the Election Forms Despatch Date to all Entitled HMI Shareholders (other than Entitled Depository Agents), at their respective Singapore addresses shown in the records of CDP (in respect of Entitled HMI Shareholders whose HMI Shares are deposited with the CDP) or the Register of Members (in respect of Entitled HMI Shareholders whose HMI Shares are not deposited with the CDP), as the case may be, at their own risk. They can also be collected at the Share Registrar's office situated at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 during the Election Period. The Entitled HMI Shareholders (other than Entitled Depository Agents) should complete, sign and return the Election Forms in accordance with the procedures set out below and the provisions and instructions printed on the Election Forms during the Election Period:

(i) Entitled HMI Shareholders whose HMI Shares are not deposited with CDP

An Entitled HMI Shareholder (not being a Depositor) who wishes to accept the Securities Consideration should deliver the completed and signed Election Form (i) by hand to Health Management International Ltd c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 or (ii) by post, using the enclosed pre-addressed envelope at your own risk to Health Management International Ltd c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; and

APPENDIX A – EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

(ii) **Entitled HMI Shareholders whose HMI Shares are deposited with the CDP (other than Entitled Depository Agents)**

An Entitled HMI Shareholder (being a Depositor who is not a Depository Agent) who wishes to accept the Securities Consideration should deliver the completed and signed Election Form (i) by hand to Health Management International Ltd c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 or (ii) by post, using the enclosed pre-addressed envelope at your own risk to Health Management International Ltd c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either case so as to arrive no later than 5.00 p.m. on the Election Closing Date.

If an Entitled HMI Shareholder wishes to receive the Scheme Consideration wholly in the form of the Cash Consideration in respect of all of its HMI Shares, he does not need to complete and return the Election Form.

(b) **Entitled Depository Agents**

Entitled Depository Agents may make elections on behalf of each sub-account holder who holds HMI Shares via Electronic Election. Electronic Elections must be submitted no later than 5.00 p.m. on the Electronic Closing Date. CDP has been authorised by the Offeror to receive Electronic Elections on its behalf. Electronic Elections submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the Election Form for Depositors and this Scheme Document (including the Offeror's Letter as set out in Appendix C to this Scheme Document) as if the Election Form for Depositors had been completed and delivered to CDP. By submitting their Electronic Election, each Entitled Depository Agent confirms and represents to the Offeror that in relation to each sub-account holder in respect of which such Entitled Depository Agent exercises the election:

- (i) such election has been exercised in respect of all (and not some) of the HMI Shares held by the Entitled Depository Agent for such sub-account holder; and
- (ii) such sub-account holder has not elected to receive a combination of the Cash Consideration and the Securities Consideration in respect of the HMI Shares held by such Depository Agent on its behalf.

If an Entitled Depository Agent wishes to elect to receive the Securities Consideration in respect of any of its sub-account holder's HMI Shares, such Entitled Depository Agent must, in addition to making the relevant election via Electronic Election, complete and return the Sub-Account Holders Form which will be provided to Entitled Depository Agents by CDP electronically:

- (A) by hand to Health Management International Ltd c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; or

APPENDIX A – EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

- (B) by post, at its own risk to Health Management International Ltd c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623,

in either case, in accordance with the instructions therein, so as to arrive no later than 5.00 p.m. on the Election Closing Date.

Entitled Depository Agents do not have to complete or return the Sub-Account Holders Form if they wish to elect to receive the Cash Consideration in respect of all of their sub-account holders' HMI Shares.

(c) Information Pertaining to CPFIS Investors and SRS Investors

CPFIS Investors and SRS Investors should consult their respective CPF Agent Banks and SRS Agent Banks for further information on the Scheme. If they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

(d) Receipt

The Election Forms and Sub-Account Holders Forms must be received by 5.00 p.m. on the Election Closing Date, which is ten (10) Business Days or such other period as may be agreed by the Parties, commencing from the Election Forms Despatch Date. No acknowledgement of receipt of any Election Form or Sub-Account Holders Form will be given by the Offeror, the Company, CDP or the Share Registrar. Each Entitled HMI Shareholder is permitted to submit only one (1) Election Form and any subsequent submission of any Election Forms will be disregarded and deemed as invalid. Each Entitled Depository Agent is permitted to submit only one (1) Sub-Account Holders Form and any subsequent submission of any Sub-Account Holders Forms will be disregarded and deemed as invalid.

(e) Deemed Election

In the event that any Electing Party:

- (i) fails to elect to receive a Scheme Consideration within the Election Period, whether due to an absence or failure of a valid election;
- (ii) to the extent applicable under the laws of the Cayman Islands and upon being notified by the Offeror, fails to provide such details and/or information as may be required to satisfy the requirements of the anti-money laundering regulations of the Cayman Islands;
- (iii) elects to receive the Securities Consideration or Cash Consideration in respect of some only and not all of its HMI Shares;
- (iv) holds both Directly-Held HMI Shares and Indirectly-Held HMI Shares through securities sub-account(s) with Depository Agent(s) and does not elect to receive and direct its Depository Agent(s) to elect to receive the same form of the

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

Scheme Consideration in respect of all its Directly-Held HMI Shares and Indirectly-Held HMI Shares respectively, and the Offeror is notified of such occurrence; and/or

- (v) maintains an address recorded in the Register of Members or the Depository Register (as defined in Section 81SF of the SFA) (as the case may be) that is not within Singapore and does not provide HMI with an address in Singapore prior to 5.00 p.m. on the Election Closing Date,

such Electing Party shall be deemed to have elected to receive the Cash Consideration for all of its HMI Shares, and shall be entitled only to receive the Cash Consideration for all of its HMI Shares as at the Books Closure Date.

In addition, if the Share Registrar or CDP (as the case may be) fails to receive, from any Electing Party, an Election Form or Electronic Election by 5.00 p.m. on the Election Closing Date or receives an Election Form or Electronic Election which does not comply with the instructions contained in the Election Form or the terms and conditions contained in this Scheme Document, or which is not complete or is invalid in any other respect, that Electing Party shall be deemed to have elected the Cash Consideration in respect for all of its HMI Shares.

(f) Discretion

The Offeror reserves the right to treat Election Forms and Sub-Account Holders Forms as valid if received by or on behalf of it at any place or places determined by it otherwise than as stated in this Scheme Document, the Election Form or the Sub-Account Holders Form, as the case may be, or if made otherwise than in accordance with the provisions of this Scheme Document, the Election Form or the Sub-Account Holders Form. The Company, CDP and the Share Registrar take no responsibility for any such decision made by the Offeror.

(g) Disclaimer

The Offeror, CDP and the Share Registrar will each be authorised and entitled, in its absolute discretion, to reject any Election Form or Sub-Account Holders Form which is not entirely in order or does not comply with this Scheme Document or the provisions and instructions printed on the Election Form or the Sub-Account Holders Form (as the case may be), or which is otherwise incomplete, incorrect, unsigned or invalid in any respect. The Offeror shall not be required to notify any Entitled HMI Shareholder or Entitled Depository Agent if its Election Form or Sub-Account Holders Form is not received or is not in compliance with the instructions contained in the Election Form or Sub-Account Holders Form (as the case may be), or is otherwise incomplete or invalid in any other respect. If you wish to receive the Securities Consideration, it is your responsibility to ensure that the Election Form or Sub-Account Holders Form (as the case may be) is properly completed in all respects, signed and all required supporting documents, where applicable, are provided. Any decision to reject any Election Form or any such Sub-Account Holders Form will be final and binding and none of the Offeror, the Company, CDP or the Share Registrar accepts any responsibility or liability in relation to such rejection, including the consequences thereof.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

(h) Correspondences

All communication, certificates, notices, documents and remittances to be delivered or sent to you (or your designated agent or, in the case of joint Entitled HMI Shareholders who have not designated any agent, to the one first named in the Register of Members) will be sent by ordinary post to your respective mailing addresses as maintained with the CDP or as they appear in the Register of Members, as the case may be, at the risk of the person entitled thereto. The attention of Overseas Shareholders is also drawn to paragraph 15 of this Explanatory Statement below, paragraph 16 of the Letter to HMI Shareholders and paragraph 10 of the Offeror's Letter as set out in Appendix C to this Scheme Document.

11.3 Procedure for Implementation

If the Court sanctions the Scheme, the Offeror and the Company will (subject to the Scheme Conditions having been satisfied or, as the case may be, waived in accordance with the Implementation Agreement on or before 11.59 p.m. on the Conditions Long-Stop Date) take the necessary steps to render the Scheme effective and binding in accordance with its terms, and the following will be implemented:

- (a) the HMI Shares held by the Entitled HMI Shareholders will be transferred to the Offeror for the Scheme Consideration to be paid by the Offeror, and the Offeror Shares to be issued and allotted pursuant to the Securities Consideration by the Offeror, as the case may be, to the Entitled HMI Shareholders for each HMI Share transferred as follows:
 - (i) in the case of the Entitled HMI Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled HMI Shareholders an instrument or instruction of transfer of all the HMI Shares held by such Entitled HMI Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled HMI Shareholder; and
 - (ii) in the case of the Entitled HMI Shareholders (being Depositors), the Company shall instruct CDP, for and on behalf of such Entitled HMI Shareholders, to debit, not later than three (3) Business Days after the Effective Date, all of the HMI Shares standing to the credit of the Securities Account(s) of such Entitled HMI Shareholders and credit all of such HMI Shares to the Securities Account(s) of the Offeror or such Securities Account(s) as directed by the Offeror;
- (b) from the Effective Date, all existing share certificates relating to the HMI Shares held by the Entitled HMI Shareholders (not being Depositors) will cease to be evidence of title of the HMI Shares represented thereby;
- (c) the Entitled HMI Shareholders (not being Depositors) are required to forward their existing share certificates relating to their HMI Shares to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 as soon as possible, but not later than seven (7) Business Days after the Effective Date for cancellation; and

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

- (d) the Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the HMI Shares set out in paragraph 11.3(a) of this Explanatory Statement above, make payment of the Scheme Consideration in the manner set out in paragraph 11.4 of this Explanatory Statement.

11.4 The Scheme Consideration

(a) The Cash Consideration

The Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the HMI Shares set out in paragraph 11.3(a) of this Explanatory Statement above, pay cash to the Entitled HMI Shareholders who elect to (or are deemed to have elected to) and are entitled to receive the Scheme Consideration in the form of Cash Consideration for their HMI Shares as follows:

(i) Entitled HMI Shareholders whose HMI Shares are not deposited with CDP

the Offeror shall pay each Entitled HMI Shareholder (not being a Depositor) by sending a cheque for the Cash Consideration (including any cash payable as a result of the Adjustment Mechanism) payable to and made out in favour of such Entitled HMI Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such Entitled HMI Shareholder, or in the case of joint Entitled HMI Shareholders, to the first-named Entitled HMI Shareholder made out in favour of such Entitled HMI Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such joint Entitled HMI Shareholders.

(ii) Entitled HMI Shareholders whose HMI Shares are deposited with the CDP

the Offeror shall pay each Entitled HMI Shareholder (being a Depositor) by making payment of the Cash Consideration (including any cash payable as a result of the Adjustment Mechanism) payable to such Entitled HMI Shareholder to CDP. CDP shall:

- (A) in the case of an Entitled HMI Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the Cash Consideration payable to such Entitled HMI Shareholder, to the designated bank account of such Entitled HMI Shareholder; and
- (B) in the case of an Entitled HMI Shareholder (being a Depositor) who has not registered for CDP's direct crediting service, send to such Entitled HMI Shareholder, by ordinary post to his address as appearing in the Depository Register at the close of business on the Books Closure Date and at the sole risk of such Entitled HMI Shareholder, or in the case of joint Entitled HMI Shareholders, to the first-named Entitled HMI Shareholder by ordinary post to his address as appearing in the Depository Register at the close of business on the Books Closure Date, at the sole risk of such joint Entitled HMI Shareholders, a cheque for the payment of such Cash Consideration made out in favour of such Entitled HMI Shareholder,

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

or make payment of the Cash Consideration in any other manner as any Entitled HMI Shareholder may have agreed with CDP for the payment of any cash distributions.

Assuming that the Scheme becomes effective and binding in accordance with its terms on 20 December 2019, the crediting by CDP of the Cash Consideration into the designated bank accounts of the Entitled HMI Shareholders (in the case of Entitled HMI Shareholders (being Depositors) who have registered with CDP for its direct crediting service), the posting of cheques for the Cash Consideration or the payment of the Cash Consideration in any other manner as the relevant Entitled HMI Shareholder may have agreed with CDP (as the case may be) as set out in paragraphs 11.4(a)(i) and 11.4(a)(ii)(B) above, is expected to take place on or before 30 December 2019.

The despatch of payment by the Offeror to each Entitled HMI Shareholder's address and/or CDP (as the case may be) in accordance with the above shall discharge the Offeror from any liability in respect of those payments.

(b) The Securities Consideration

In respect of the cash component of the Securities Consideration (in the event that the Adjustment Mechanism applies), the procedure for settlement shall be as described above in respect of the Cash Consideration.

In respect of the Securities Consideration and subject to the Adjustment Mechanism, the Offeror shall allot and issue new Offeror Shares, credited as fully-paid, on the basis of one new Offeror Share at the Issue Price for every one HMI Share held by such Entitled HMI Shareholder who elects to and is entitled to receive the Scheme Consideration in the form of the Securities Consideration for all of its HMI Shares, and the Offeror Share Certificates will be delivered to the relevant person/entity recorded in the Register of Members or the Depository Register as at the close of business on the Books Closure Date (or in the case of Entitled Depository Agents, any other person(s) as such Entitled Depository Agents may direct in the Sub-Account Holders Form).

The Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the HMI Shares set out in paragraph 11.3(a) of this Explanatory Statement above:

(i) Entitled HMI Shareholders whose HMI Shares are not deposited with CDP

send the Offeror Share Certificates representing the relevant number of new Offeror Shares to each Entitled HMI Shareholder (not being a Depositor) by ordinary post to his address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such Entitled HMI Shareholder, or in the case of joint Entitled HMI Shareholders, to the first-named Entitled HMI Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such joint Entitled HMI Shareholders, save that in all cases, no Offeror Share Certificate will be despatched in or into any overseas jurisdiction

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

(please refer to paragraph 10 of the Offeror's Letter as set out in Appendix C to this Scheme Document for more information on the arrangements for Overseas Shareholders).

(ii) Entitled HMI Shareholders whose HMI Shares are deposited with CDP

send the Offeror Share Certificates representing the relevant number of new Offeror Shares to each Entitled HMI Shareholder (being a Depositor) by ordinary post to his address as appearing in the Depository Register at the close of business on the Books Closure Date (or in the case of Entitled Depository Agents, the address of any other person(s) as such Entitled Depository Agents may direct in the Sub-Account Holders Form), at the sole risk of such Entitled HMI Shareholder, or in the case of joint Entitled HMI Shareholders, to the first-named Entitled HMI Shareholder by ordinary post to his address as appearing in the Depository Register at the close of business on the Books Closure Date, at the sole risk of such joint Entitled HMI Shareholders, save that in all cases, no Offeror Share Certificate will be despatched in or into any overseas jurisdiction (please refer to paragraph 10 of the Offeror's Letter as set out in Appendix C to this Scheme Document for more information on the arrangements for Overseas Shareholders).

Assuming that the Scheme becomes effective and binding in accordance with its terms on 20 December 2019, the posting of the Offeror Share Certificates representing the new Offeror Shares to be allotted and issued pursuant to the Scheme in the manner set out in paragraphs 11.4(b)(i) and 11.4(b)(ii) above, is expected to take place on or before 30 December 2019.

The despatch of the Offeror Share Certificates to each Entitled HMI Shareholder's address in accordance with the above shall discharge the Offeror from any liability in respect of the delivery of such Offeror Share Certificates.

The new Offeror Shares to be allotted and issued pursuant to the Scheme will, on issue, be duly authorised, fully paid up and validly allotted and issued, and free from all Encumbrances and rank *pari passu* in all respects with one another and with all other shares of the Offeror as at the date of their issue.

The rights, privileges and restrictions attaching to the Offeror Shares will be set out in the Offeror Articles. The proposed Offeror Articles are reproduced in full in Schedule C to the Offeror's Letter as set out in Appendix C to this Scheme Document.

Please refer to paragraph 4.2 of this Explanatory Statement for an illustration of the operation of the Adjustment Mechanism in the event that the aggregate number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number.

APPENDIX A – EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

(c) Retention and Release of Proceeds

- (i) On and after the day being six (6) calendar months after the posting of such cheques relating to the Cash Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company.
- (ii) The Company or its successor entity shall hold such moneys until the expiration of six (6) years from the Effective Date and shall prior to such date make payments therefrom of the sums payable pursuant to Clause 3.3 of the Scheme as set out in Appendix O to this Scheme Document to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in Clause 3.3 of the Scheme as set out in Appendix O to this Scheme Document for which they are payees have not been cashed. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to Clause 3.1 of the Scheme as set out in Appendix O to this Scheme Document.
- (iii) On the expiry of six (6) years from the Effective Date, the Company and the Offeror shall be released from any further obligation to make any payments of the Cash Consideration under this Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in Clause 3.6(a) of the Scheme as set out in Appendix O to this Scheme Document including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.

12. CLOSURE OF BOOKS

12.1 Notice of Books Closure

Subject to the approval by the requisite majority of HMI Shareholders at the Scheme Meeting and the sanction of the Scheme by the Court, notice of the Books Closure Date will be given in due course for the purposes of determining the entitlements of the Entitled HMI Shareholders to the Scheme Consideration under the Scheme.

The Books Closure Date is expected to be on 19 November 2019 at 5.00 p.m.. The Company will make a further announcement in due course on the Books Closure Date.

12.2 Books Closure

No transfer of the HMI Shares where the share certificates relating thereto are not deposited with CDP may be effected after the Books Closure Date.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

12.3 Trading in HMI Shares on the SGX-ST

The Scheme is tentatively scheduled to become effective and binding in accordance with its terms on or about **20 December 2019** and accordingly (assuming the Scheme becomes effective and binding in accordance with its terms on **20 December 2019**), the HMI Shares are expected to be delisted and removed from the Official List of the SGX-ST after the settlement of the Scheme Consideration. It is therefore expected that, subject to the approval of the SGX-ST, the HMI Shares will cease to be traded on the SGX-ST on or about **15 November 2019** at 5.00 p.m., being two (2) Market Days before the expected Books Closure Date on **19 November 2019** at 5.00 p.m..

HMI Shareholders (not being Depositors) who wish to trade in their HMI Shares on the SGX-ST are required to deposit with CDP their share certificates relating to their HMI Shares, together with the duly executed instruments of transfer in favour of CDP, by eight (8) Market Days prior to the tentative last day for trading of the HMI Shares.

13. SETTLEMENT AND REGISTRATION PROCEDURES

Subject to the Scheme becoming effective and binding in accordance with its terms, the following settlement and registration procedures will apply:

(a) Entitled HMI Shareholders whose HMI Shares are not deposited with CDP

Entitlements of Entitled HMI Shareholders (not being Depositors) under the Scheme will be determined on the basis of their holdings of HMI Shares appearing in the Register of Members as at 5.00 p.m. on the Books Closure Date.

Entitled HMI Shareholders (not being Depositors) who have not already done so are requested to take the necessary action to ensure that the HMI Shares owned by them are registered in their names with the Share Registrar by 5.00 p.m. on the Books Closure Date.

From the Effective Date, all existing share certificates relating to the HMI Shares held by the Entitled HMI Shareholder (not being Depositors) will cease to be evidence of title to the HMI Shares represented thereby.

Within seven (7) Business Days of the Effective Date, the Offeror shall make payment of the Scheme Consideration to each Entitled HMI Shareholder (not being a Depositor) based on his holding of the HMI Shares as at 5.00 p.m. on the Books Closure Date.

(b) Entitled HMI Shareholders whose HMI Shares are deposited with CDP

Entitlements of Entitled HMI Shareholders (being Depositors) under the Scheme will be determined on the basis of the number of HMI Shares standing to the credit of their Securities Accounts at 5.00 p.m. on the Books Closure Date.

Entitled HMI Shareholders (being Depositors) who have not already done so are requested to take the necessary action to ensure that the HMI Shares owned by them are credited to their Securities Accounts by 5.00 p.m. on the Books Closure Date.

APPENDIX A – EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

Following the Effective Date, CDP will debit all the HMI Shares standing to the credit of each relevant Securities Account of each Entitled HMI Shareholder (being a Depositor) and credit all of such HMI Shares to the Securities Account(s) of the Offeror in such Securities Account(s) as directed by the Offeror, within seven (7) Business Days of the Effective Date and prior to delisting of Company.

Within seven (7) Business Days of the Effective Date, CDP shall, based on the number of HMI Shares standing to the credit of the Securities Account of the Entitled HMI Shareholders (being Depositors) as at 5.00 p.m. on the Books Closure Date make payment of the Scheme Consideration to each Entitled HMI Shareholder (being a Depositor).

14. DIRECTORS' INTERESTS

Some of the Directors (particularly the Executive Directors) have interests in the Scheme which may be different from, or in addition to, those of the HMI Shareholders generally. The material interests of the Directors are summarised below:

- (a) the interests of Directors in the HMI Shares and Awards granted under the HMI PSP 2017 as at the Latest Practicable Date are as set out in Appendix D to this Scheme Document. In addition, and as stated in the Offeror's Letter as set out in Appendix C to this Scheme Document, it is envisaged that the Offeror will establish a management equity incentive plan (the "**Management Incentive Arrangements**") which shall come into effect after the Effective Date and will replace the existing performance share plan of the Company, to grant the senior executives and/or key employees of the HMI Group certain equity incentives if certain conditions and/or targets are met. The Offeror has not considered the specific terms of the Management Incentive Arrangements and will only finalise such terms after the Effective Date but the Executive Directors who remain as senior executives of the HMI Group will likely benefit from any such Management Incentive Arrangements;
- (b) the Executive Directors, Dr. Gan See Khem, Ms. Chin Wei Jia, and Mr. Chin Wei Yao, are members of the NSI Concert Party Group, and are existing shareholders of NSI. Accordingly, they will have deemed interests in NSI's interest in the Offeror Shares. As illustrated in the two scenarios set out in paragraph 3.2 of Schedule B of the Offeror's Letter as set out in Appendix C to this Scheme Document, following the settlement of the Scheme Consideration, NSI could end up with an ownership stake of between 30.0% to 42.4% of the Offeror Shares. Accordingly, following the implementation of the Scheme, NSI will hold a significant proportion of the Offeror Shares which may entitle it to certain additional rights under the Offeror Articles. For example, under the Offeror Articles, as reproduced in full in Schedule C to the Offeror's Letter set out in Appendix C to this Scheme Document, each Offeror Shareholder holding at least 12% of all the Offeror Shares at the relevant time ("**Major Shareholder**") shall be entitled to appoint one (1) director to the Offeror board for every 10% in shareholding percentage held by such Major Shareholder; and
- (c) as stated in the Offeror's Letter as set out in Appendix C to this Scheme Document, there is presently no intention by the Offeror to discontinue the employment of the employees of the HMI Group and accordingly, it is envisaged that the Executive Directors will remain as key executives of the HMI Group and have continued employment following implementation of the Scheme.

APPENDIX A – EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

15. PAYMENT AND DELIVERY OF OFFEROR SHARE CERTIFICATES TO OVERSEAS SHAREHOLDERS

Overseas Shareholders who wish to elect to receive the Securities Consideration are required to provide the Share Registrar or CDP (as the case may be) an address within Singapore for the purposes of service of notices and delivery by the Offeror of the Offeror Share Certificates by 5.00 p.m. on the Election Closing Date.

Entitled HMI Shareholders whose addresses recorded in the Register of Members or Depository Register (as the case may be) are not within Singapore and who do not provide the Company, CDP or the Share Registrar (as the case may be) with an address in Singapore prior to 5.00 p.m. on the Election Closing Date will be deemed to have elected the Cash Consideration in respect of their HMI Shares.

Overseas Shareholders should also refer to paragraph 16 of the Letter to HMI Shareholders and paragraph 10 of the Offeror's Letter as set out in Appendix C to this Scheme Document for further information relating to Overseas Shareholders.

16. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The IFA Letter setting out the advice of the IFA to the Independent Directors is set out in Appendix B to this Scheme Document.

17. INDEPENDENT DIRECTORS' RECOMMENDATION

The recommendation of the Independent Directors in relation to the Scheme is set out in paragraph 13.2 of the Letter to HMI Shareholders.

18. GENERAL INFORMATION

Your attention is drawn to the further relevant information, including the interests in the HMI Shares of the Directors, which is set out in the Appendices of this Scheme Document. These Appendices form part of this Scheme Document. This Explanatory Statement should be read in conjunction with, and is qualified by, the full text of this Scheme Document, including the Scheme as set out at Appendix O to this Scheme Document.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS



Ernst & Young Corporate Finance Pte Ltd
One Raffles Quay
North Tower, Level 18
Singapore 048583

Mailing Address:
Robinson Road
PO Box 384
Singapore 900734

UEN 199702967E

3 October 2019

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

Dear Sirs:

PROPOSED ACQUISITION BY PANASIA HEALTH LIMITED OF ALL THE ISSUED ORDINARY SHARES IN THE CAPITAL OF HEALTH MANAGEMENT INTERNATIONAL LTD BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 210 OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE

1 INTRODUCTION

On 5 July 2019 (the “**Joint Announcement Date**”), the boards of directors of Health Management International Ltd (“**HMI**” or the “**Company**”) and PanAsia Health Limited (the “**Offeror**”) jointly announced the proposed acquisition (the “**Acquisition**”) of all issued and paid-up ordinary shares in the capital of the Company (the “**HMI Shares**”) by the Offeror, a special purpose vehicle incorporated under the laws of the Cayman Islands, which is (indirectly) controlled by EQT Mid Market Asia III GP B.V. (“**EQT GP**”), acting in its capacity as general partner of EQT Mid Market Asia III Limited Partnership (“**EQT LP**”). The Acquisition will be effected by the Company by way of a scheme of arrangement (the “**Scheme**”) in accordance with Section 210 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and the Singapore Code on Take-overs and Mergers (the “**Code**”).

In connection with the Acquisition, the Offeror and the Company (each, a “**Party**” and collectively, the “**Parties**”) have on the Joint Announcement Date entered into an implementation agreement (the “**Implementation Agreement**”) setting out the terms and conditions on which the Parties will implement the Scheme.

As announced by the Parties, all the HMI Shares held by the shareholders of the Company (the “**HMI Shareholders**”) as at the Books Closure Date will be transferred to the Offeror. In consideration for such transfer, each of the HMI Shareholders as at the Books Closure Date will be entitled to receive for each HMI Share (the “**Scheme Consideration**”), at their election:

- (i) S\$0.730 in cash (the “**Cash Consideration**”); OR
- (ii) in lieu of the Cash Consideration, one new ordinary share in the capital of the Offeror (the “**Offeror Share**”) which the Offeror shall allot and issue duly authorised, fully paid up and free from all Encumbrances, at an issue price of S\$0.730 (the “**Issue Price**”) per Offeror Share (the “**Securities Consideration**”).

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

In the event that the aggregate number of HMI Shares that are elected for the Securities Consideration exceeds 686,218,454 HMI Shares, being the maximum number of HMI Shares that may be elected for the Securities Consideration (the “**Maximum Number**”), the Adjustment Mechanism will apply.

The “**Adjustment Mechanism**” provides that in the event that aggregate number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number:

- (i) the Maximum Number will be allocated among HMI Shareholders as at 5.00 p.m. on the Books Closure Date (the “**Entitled HMI Shareholders**”) who elected for the Securities Consideration on a pro-rata basis according to the number of HMI Shares they hold as at the Books Closure Date (relative to one another); and
- (ii) in respect of the balance of HMI Shares that are elected for the Securities Consideration in excess of the Maximum Number, each relevant Entitled HMI Shareholder who elected for the Securities Consideration shall receive in cash an amount equivalent to the Issue Price of each Offeror Share which cannot be allotted and issued to such Entitled HMI Shareholder.

The “**Books Closure Date**” is the date to be announced (before the date on which the Scheme becomes effective in accordance with its terms (the “**Effective Date**”)) by the Company on which the transfer books of the Company (the “**Transfer Books**”) and the register of members of the Company (the “**Register of Members**”) will be closed in order to determine the entitlements of the HMI Shareholders in respect of the Scheme.

The Issue Price of each Offeror Share under the Securities Consideration will be the same as the Cash Consideration.

Ernst & Young Corporate Finance Pte Ltd (“**EYCF**”) has been appointed pursuant to the requirements of the Code and Rule 1309(2) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual (the “**Listing Manual**”) to act as the independent financial adviser (“**IFA**”) to the directors of the Company (the “**Directors**”) who are considered independent in relation to the Scheme (the “**Independent Directors**”), for the purpose of advising on the Scheme.

This letter sets out, *inter alia*, our evaluation of the financial terms of the Scheme and our opinion thereon. It forms part of the scheme document dated 3 October 2019 to be sent to the HMI Shareholders in connection with the Scheme (the “**Scheme Document**”).

Unless otherwise defined or the context otherwise requires, all terms in the Scheme Document shall have the same meaning in this letter. Foreign currency amounts used in this letter are converted to Singapore Dollars (“**S\$**”) based on the respective foreign currency exchange rates as obtained from CapitalIQ.

2 TERMS OF REFERENCE

EYCF has been appointed pursuant to Rules 7.1 and 24.1(b) of the Code and Rule 1309(2) of the Listing Manual as well as to advise the Independent Directors on the financial terms of the Scheme.

Our views as set forth in this letter are based on the prevailing market conditions, economic conditions, and financial conditions, and our evaluation of the Scheme, as well as information provided to us by the Company and its management (the “**Management**”), as at 24 September 2019 (the “**Latest Practicable Date**”). Accordingly, our opinion shall not take into account any event or condition which occurs after the Latest Practicable Date. HMI Shareholders should take note of any announcement and/or event relevant to their consideration of the Scheme which may be released after the Latest Practicable Date.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

We have confined our evaluation and analysis of the Scheme to the financial terms thereof. It is not within our terms of reference to assess the rationale for, legal, strategic, commercial and financial merits and/or risks of the Scheme, and to comment on the financial merits and/or financial risks of the Scheme. It is also not within our terms of reference to compare the relative merits of the Scheme vis-à-vis any alternative transaction previously considered by the Company or that the Company may consider in the future, and as such, we do not express an opinion thereon. We have not been requested or authorised to solicit, and we have not solicited, any indication of interest from any third party with respect to the HMI Shares.

We are not and were not involved in any aspect of the discussions and negotiations pertaining to the Scheme, nor were we involved in the deliberations leading up to the decisions by the Directors and/or the Company in connection with the Scheme. The scope of our appointment does not require us to express, and we do not express, a view on the future prospects of the Company, its subsidiaries and associates (the “**HMI Group**”). We are, therefore, not expressing any view herein as to the prices at which the HMI Shares may trade or on the future financial performance of the Company and/or the HMI Group upon the completion of the Scheme. No financial or profit forecasts, business plans or management accounts of the Company and/or the HMI Group have been specifically prepared for the purpose of evaluating the Scheme. Accordingly, we will not be able to comment on the expected future performance or prospects of the Company and/or the HMI Group. However, we may draw upon the views of the Directors and/or the Management, to the extent deemed necessary and appropriate by us, in arriving at our opinion as set out in this letter.

In the course of our evaluation, we have held discussions with the Directors and the Management. We have also examined and relied on publicly available information in respect of the HMI Group collated by us as well as information provided to us by the Company, including information in relation to the Scheme. We have not independently verified such information furnished by the Directors and/or the Management or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy and/or completeness of such information, representation and/or assurance. Nevertheless, the Directors have confirmed to us, after making all reasonable enquiries that, to the best of their knowledge and belief, all material information relating to the HMI Group has been disclosed to us, that such information constitutes a full and true disclosure, in all material respects, of all material facts about the HMI Group in the context of the Scheme, and there is no material information the omission of which would make any of the information contained herein or in the Scheme Document misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have also made reasonable enquiries and exercised reasonable judgement in assessing such information and have found no reason to doubt the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in relation to the Scheme have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations and financial condition of the Company and/or the HMI Group or any of its associated or joint venture companies. We have also not made an independent valuation or appraisal of the assets and liabilities of the HMI Group. However, we have been furnished with independent valuation reports of Knight Frank Pte Ltd (“**Knight Frank**”), Henry Butcher Malaysia (Malacca) Sdn. Bhd. (“**Henry Butcher**”), and C H Williams Talhar & Wong Sdn Bhd (“**CBRE|WTW**” and together with Knight Frank and Henry Butcher, the “**Independent Valuers**”) commissioned by the Company, and issued by the Independent Valuers in connection with the assessed market value (the “**Market Value**”) of subject properties owned by the HMI Group as at the valuation date (the “**Valuation Reports**”). We are not experts and do not regard ourselves to be experts in the valuation of the properties, and we have taken into consideration the Valuation Reports prepared by the Independent Valuers.

In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any HMI Shareholder. As different

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

HMI Shareholders would have different investment objectives, we would advise the Independent Directors to recommend that any individual HMI Shareholder who may require specific advice in relation to his HMI Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

This letter and our opinion are required under Rules 7.1 and 24.1(b) of the Code and Rule 1309(2) of the Listing Manual as well as addressed for the use and benefit of the Independent Directors in connection with and for the purpose of their consideration of the Scheme. The recommendations made by Independent Directors to the HMI Shareholders with regard to the Scheme shall remain the responsibility of the Independent Directors.

The Company has been separately advised in the preparation of the Scheme Document (other than this letter). We were not involved and have not provided any advice, whether financial or otherwise, in the preparation, review and verification of the Scheme Document (other than this letter). Accordingly, we do not take any responsibility for, and express no views on, whether expressed or implied, the contents of the Scheme Document (other than this letter).

Our opinion in relation to the Scheme should be considered in the context of the entirety of this letter and the Scheme Document.

3 INFORMATION ON THE OFFEROR

Information on the Offeror, PanAsia Health Management B.V. ("**NewCo**") (being the sole shareholder of the Offeror), PanAsia Health Holdings Coöperatief U.A. ("**TopCo**") (being the sole shareholder of NewCo), and EQT GP is set out in Section 1.5 of the Letter to HMI Shareholders of and Appendix C (Letter from the Offeror to the HMI Shareholders) to the Scheme Document.

4 INFORMATION ON THE COMPANY

Information on the Company is set out in Section 1.4 of the Letter to HMI Shareholders of and Appendices D (General Information Relating to Company), E (Extracts from the Company's Constitution) and F (Audited Consolidated Financial Statements of the HMI Group for FY2018) to the Scheme Document.

5 EXPLANATORY STATEMENT

The explanatory statement in compliance with Section 211 of the Companies Act (the "**Explanatory Statement**") which sets out the key terms of, the rationale for, and the effect of, the Scheme and the procedures for its implementation is set out in Appendix A (Explanatory Statement) to the Scheme Document. We recommend that the Independent Directors advise HMI Shareholders to read the Explanatory Statement in its entirety and in conjunction with the full text of the Scheme Document.

6 THE ACQUISITION AND THE SCHEME

The terms and conditions of the Acquisition and the Scheme are set out in Section 3 of the Letter to HMI Shareholders of and Appendices A (Explanatory Statement), I (Scheme Conditions), and O (The Scheme) to the Scheme Document. We recommend that the Independent Directors advise HMI Shareholders to read the terms and conditions of the Acquisition and the Scheme set out in the Scheme Document carefully.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Salient sections are extracted below from the Letter to Shareholders of the Scheme Document:

“3. THE ACQUISITION AND THE SCHEME

3.1 Terms of the Scheme

The Acquisition will be effected by way of a scheme of arrangement pursuant to Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement.

Under the Scheme:

- (a) *all the HMI Shares held by the Entitled HMI Shareholders as at the Books Closure Date will be transferred to the Offeror:*
 - (i) *fully paid up;*
 - (ii) *free from all Encumbrances; and*
 - (iii) *together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date. If any dividend, right or other distribution is declared, paid or made by the Company to the HMI Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend, right or distribution. In this connection, the Company has, pursuant to the Implementation Agreement, undertaken that it will not, during the period from the date of the Implementation Agreement up to (and including) the Effective Date, declare or pay any dividend or make any distribution (in cash or in kind) to HMI Shareholders; and*
- (b) *in consideration for such transfer, each Entitled HMI Shareholder as at the Books Closure Date will be entitled to receive for each HMI Share, at their election:*
 - (i) *the Cash Consideration, being **S\$0.730** in cash; **OR***
 - (ii) *in lieu of the Cash Consideration, the Securities Consideration, being **one** new Offeror Share which the Offeror shall allot and issue, duly authorised, fully paid up and free from all Encumbrances, at the Issue Price, being **S\$0.730** per Offeror Share,*

provided always that no more than the Maximum Number of HMI Shares¹ may be elected for the Securities Consideration.

In the event that the aggregate number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number:

- (A) *the Maximum Number will be allocated among the Entitled HMI Shareholders who elected for the Securities Consideration on a pro-rata basis according to*

¹ 686,218,454 HMI Shares, representing approximately 81.95% of all the HMI Shares, based on 837,337,946 HMI Shares in issue (excluding 1,642,934 treasury shares) as at the Latest Practicable Date

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

the number of HMI Shares they hold as at the Books Closure Date (relative to one another); and

- (B) *in respect of the balance number of HMI Shares that are elected for the Securities Consideration in excess of the Maximum Number, each relevant Entitled HMI Shareholder who elected for the Securities Consideration shall receive in cash an amount equivalent to the Issue Price of each Offeror Share which cannot be allotted and issued to such Entitled HMI Shareholder,*

(the "Adjustment Mechanism").

The Issue Price of each Offeror Share under the Securities Consideration will be the same as the Cash Consideration.

Further details on the Offeror Shares are set out in paragraph 3.4 below.

In respect of the Cash Consideration or the cash component of the Securities Consideration (in the event that the Adjustment Mechanism applies), the aggregate cash amount that is payable to any Entitled HMI Shareholder in respect of the HMI Shares held by such Entitled HMI Shareholder shall be rounded to the nearest S\$0.01.

Subject to the Adjustment Mechanism, in respect of the Securities Consideration, the aggregate number of Offeror Shares which each Entitled HMI Shareholder will be entitled to pursuant to the Scheme, based on the HMI Shares held by such Entitled HMI Shareholder as at the Books Closure Date, will be rounded down to the nearest whole number, and fractional entitlements shall be disregarded in the calculation of the aggregate Offeror Shares to be issued to any Entitled HMI Shareholder pursuant to the Scheme.

3.2 Adjustment Mechanism

The Adjustment Mechanism is set out in Schedule A to the Offeror's Letter as set out in Appendix C to this Scheme Document, an extract of which is reproduced in italics below:

"Where the aggregate number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number, the Adjustment Mechanism shall apply and an Entitled HMI Shareholder who elected to receive the Securities Consideration would not be entitled to re-elect to receive the Cash Consideration with respect to all or any of his Directly-Held HMI Shares or Indirectly-Held HMI Shares. The number of Offeror Shares to be allotted and issued to an Entitled HMI Shareholder who has elected to receive the Securities Consideration shall be calculated in accordance with the following formula:

$$N = \frac{S}{T} \times M$$

where:

"N" is the number of Offeror Shares to be allotted and issued to such Entitled HMI Shareholder;

"S" is the number of HMI Shares held by such Entitled HMI Shareholder;

"T" is the aggregate number of HMI Shares that are elected for the Securities Consideration; and

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

“M” is the Maximum Number.

As an example and purely for illustration purposes only, assuming that an aggregate of 800,000,000 HMI Shares are elected for the Securities Consideration and an Entitled HMI Shareholder elects to receive the Securities Consideration in respect of the 1,000 HMI Shares held by him, the Scheme Consideration will be paid to such Entitled HMI Shareholder in the following manner:

- Number of Offeror Shares received: $(1,000 / 800,000,000) \times 686,218,454 = 857$ (rounded down to the nearest whole number pursuant to **paragraph 1.1 of Schedule A** to this Letter)*
- Amount of cash received: $\text{S\$}0.730 \times (1,000 - 857) = \text{S\$}104.39$*

Where the aggregate number of HMI Shares that are elected for the Securities Consideration is less than or equal to the Maximum Number, each Entitled HMI Shareholder who has elected to receive the Securities Consideration will receive one Offeror Share for each HMI Share held by him.”

3.3 Election

Each Entitled HMI Shareholder:

- (a) who is holding Directly-Held HMI Shares shall only be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Securities Consideration for all of its Directly-Held HMI Shares, but not a mixture of both; and*
- (b) who is holding Indirectly-Held HMI Shares, shall in respect of each such sub-account holder, be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Securities Consideration for all the Indirectly-Held HMI Shares held on behalf of such sub-account holder, but not a mixture of both,*

(each HMI Shareholder under paragraph 3.3(a) and Depository Agent (for and on behalf of each sub-account holder under paragraph 3.3(a)) shall be referred to as an “Electing Party”).

If a HMI Shareholder holds both Directly-Held HMI Shares and Indirectly-Held HMI Shares through securities sub-account(s) with Depository Agent(s), such HMI Shareholder shall elect to receive either the Cash Consideration or the Securities Consideration (and not a combination of the two) in respect of all of its Directly-Held HMI Shares, and shall direct its Depository Agent(s) to elect to receive the same form of the Scheme Consideration in respect of all of its Indirectly-Held HMI Shares.

In the event that any Electing Party:

- (i) fails to elect to receive a Scheme Consideration within the Election Period, whether due to an absence or failure of a valid election;*
- (ii) to the extent applicable under the laws of the Cayman Islands and upon being notified by the Offeror, fails to provide such details and/or information as may be required to satisfy the requirements of the anti-money laundering regulations of the Cayman Islands;*
- (iii) elects to receive the Securities Consideration or Cash Consideration in respect of some only and not all of its HMI Shares;*

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

- (iv) *holds both Directly-Held HMI Shares and Indirectly-Held HMI Shares through securities sub-account(s) with Depository Agent(s) and does not elect to receive and direct its Depository Agent(s) to elect to receive the same form of the Scheme Consideration in respect of all its Directly-Held HMI Shares and Indirectly-Held HMI Shares respectively, and the Offeror is notified of such occurrence; and/or*
- (v) *maintains an address recorded in the Register of Members or the Depository Register (as defined in Section 81SF of the SFA) (as the case may be) that is not within Singapore and does not provide HMI with an address in Singapore prior to 5.00 p.m. on the Election Closing Date,*

such Electing Party shall be deemed to have elected to receive the Cash Consideration for all of its HMI Shares, and shall be entitled only to receive the Cash Consideration for all of its HMI Shares as at the Books Closure Date.

In addition, if the Share Registrar or CDP (as the case may be) fails to receive, from any Electing Party, an Election Form or Electronic Election by 5.00 p.m. on the Election Closing Date or receives an Election Form or Electronic Election which does not comply with the instructions contained in the Election Form or the terms and conditions contained in this Scheme Document, or which is not complete or is invalid in any other respect, that Electing Party shall be deemed to have elected the Cash Consideration in respect for all of its HMI Shares.

Further information about the Election process as well as the settlement and registration of the Scheme Consideration can be found in paragraphs 11 to 13 of the Explanatory Statement set out in Appendix A to this Scheme Document and Schedule A to the Offeror's Letter as set out in Appendix C to this Scheme Document.

3.4 Offeror Shares

As stated in paragraph 2.2 of the Offeror's Letter as set out in Appendix C to this Scheme Document,

(a) Offeror Shares

The Offeror Shares to be allotted and issued pursuant to the Scheme will, on issue, be duly authorised, fully paid up and validly allotted and issued, and free from all Encumbrances and rank pari passu in all respects with one another and with all other shares of the Offeror as at the date of their issue, including the Offeror Shares held or to be held by NewCo as at the Settlement Date.

The Offeror Shares will not be listed on any securities exchange when allotted and issued on the Settlement Date.

(b) Offeror Articles

The rights, privileges and restrictions attaching to the Offeror Shares shall be set out in the Offeror Articles which, pursuant to the Implementation Agreement, shall be adopted on or prior to the Effective Date. The proposed Offeror Articles are reproduced in full in Schedule C to the Offeror's Letter as set out in Appendix C to this Scheme Document.

(c) Risk Factors

There are risks involved with investing in the Offeror Shares, including the following:

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

- (i) *the Offeror has no track record and may not perform in the same manner as HMI;*
- (ii) *the Offeror is subject to risks relating to the economic, political, legal or social environments of the Cayman Islands;*
- (iii) *the Offeror is subject to risks associated with debt financing;*
- (iv) *the Offeror Shares have never been publicly traded and will not be publicly traded when allotted and issued on the Settlement Date;*
- (v) *the Offeror Shares are not freely transferable;*
- (vi) *there is no assurance that the Offeror will declare dividends on the Offeror Shares;*
- (vii) *NSI and NewCo will collectively hold a significant proportion of all the Offeror Shares and their respective interests may differ from that of the other shareholders of the Offeror (the “Offeror Shareholders”), which may limit the ability of such other Offeror Shareholders to influence the outcome of decisions requiring the approval of the Offeror Shareholders;*
- (viii) *the Offeror is not subject to the same corporate disclosure requirements that HMI has been subjected to as a listed company; and*
- (ix) *Offeror Shareholders may face difficulties in enforcing their rights as shareholders.*

Further details on the risk factors relating to the Offeror Shares can be found in Schedule E to the Offeror’s Letter as set out in Appendix C to this Scheme Document. HMI Shareholders are advised to carefully consider the risk factors set out in Schedule E to the Offeror’s Letter as set out in Appendix C to this Scheme Document in its entirety.

3.5 Termination of the Implementation Agreement

In the event of termination of the Implementation Agreement by either the Company or the Offeror (as the case may be) pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (save for certain surviving provisions) and there shall be no liability on the part of any of the Company or the Offeror except that in the event of termination of the Implementation Agreement by either the Offeror or the Company, to the extent that there is a breach by the Company of the Non-Solicit Provision, the Company shall fully compensate the Offeror for all the costs and expenses incurred by or on behalf of the Offeror in connection with the Acquisition, the Scheme and/or the Acquisition Debt Financing, including the fees and disbursements of counsel, auditors, advisers and/or underwriters engaged by or on behalf of the Offeror in connection with the Acquisition, the Scheme and/or the Acquisition Debt Financing, subject to a maximum amount of S\$1.5 million.”

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

7 INFORMATION ON THE VOTING AND/OR ELECTION UNDERTAKINGS

The salient information on the irrevocable undertakings provided by the Undertaking Shareholders to the Offeror to, *inter alia*, vote, or procure the voting, in favour of (or in the case of Nam See Investment (Pte) Ltd (“**NSI**”), Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan only, abstain, or procure the abstaining, from voting on) the Scheme at the meeting of the HMI Shareholders to be convened pursuant to the order of the High Court of the Republic of Singapore (the “**Court**”) to approve the Scheme and any adjournment thereof (the “**Scheme Meeting**”), and where applicable, elect to accept or procure to elect to accept, either the Cash Consideration or the Securities Consideration (the “**Voting and/or Election Undertakings**”) is set out in Section 4 of the Letter to HMI Shareholders of the Scheme Document.

8 INFORMATION ON THE ADDITIONAL UNDERTAKINGS

The salient information on the undertakings provided by each of NSI, Dr. Gan See Khem, Ms. Chin Wei Jia (Chen Weijia) and Mr. Chin Wei Yao to the NewCo is set out in Section 5 of the Letter to HMI Shareholders of and in the Appendix C (Letter from the Offeror to the HMI Shareholders) to the Scheme Document.

9 NO CASH OUTLAY

As set out in Section 6 of the Letter to HMI Shareholders of the Scheme Document, HMI Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the HMI Shareholders under the Scheme.

10 WAIVER OF RIGHTS TO A GENERAL OFFER

As set out in Section 7 of the Letter to HMI Shareholders of the Scheme Document, HMI Shareholders should note that by voting in favour of the Scheme, HMI Shareholders will be regarded as having waived their rights to a general offer by NSI and persons acting in concert with NSI in relation to the Acquisition and the Scheme, namely Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan (the “**NSI Concert Party Group**”) to acquire HMI Shares under the Code and are agreeing to the NSI Concert Party Group acquiring or consolidating effective control of the Company without having to make a general offer.

11 APPROVALS REQUIRED

The salient information on the approvals required, including the Scheme Meeting and the order of the Court sanctioning the Scheme under Section 210 of the Companies Act (the “**Court Order**”), and confirmations/rulings from the Securities Industry Council (“**SIC**”) is set out in Section 8 of the Letter to HMI Shareholders of the Scheme Document.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

12 EVALUATION OF THE FINANCIAL TERMS OF THE SCHEME

In our analysis and evaluation of the financial terms of the Scheme, and our recommendation thereon, we have taken into consideration the following, based on market, economic, industry, and other conditions as at the Latest Practicable Date, and on publicly available information and information made available to us by the Company as at the Latest Practicable Date:

- (a) Market quotation and historical trading activity of HMI Shares;
- (b) Comparison of valuation measures of the Company against those of selected listed comparable companies;
- (c) Analysis of the Net Asset Value (“NAV”) and revalued NAV (“RNAV”) of the HMI Group;
- (d) Comparison with privatisation transactions for companies listed on the SGX-ST; and
- (e) Other relevant considerations.

In our evaluation, we have considered the following widely used valuation measures:

Valuation Measure	Description
Enterprise Value-to-Earnings before Interests, Taxes, Depreciation and Amortisation Ratio (“EV/EBITDA Ratio”)	EV refers to enterprise value which is the sum of a company’s market capitalisation, preferred equity, minority interests, short-term and long-term debts (inclusive of finance leases), less its cash and cash equivalents EBITDA refers to the historical consolidated earnings before interests, taxes, depreciation and amortisation
Price-to-Earnings Ratio (“P/E Ratio”)	P/E Ratio or earnings multiple is the ratio of a company’s market capitalisation divided by the historical consolidated net profit attributable to shareholders
Price-to-NAV Ratio (“P/NAV Ratio”)	NAV refers to total assets (including intangible assets) less its total liabilities, and excludes, where applicable, minority interests P/NAV Ratio refers to the ratio of a company’s share price divided by net asset value per share

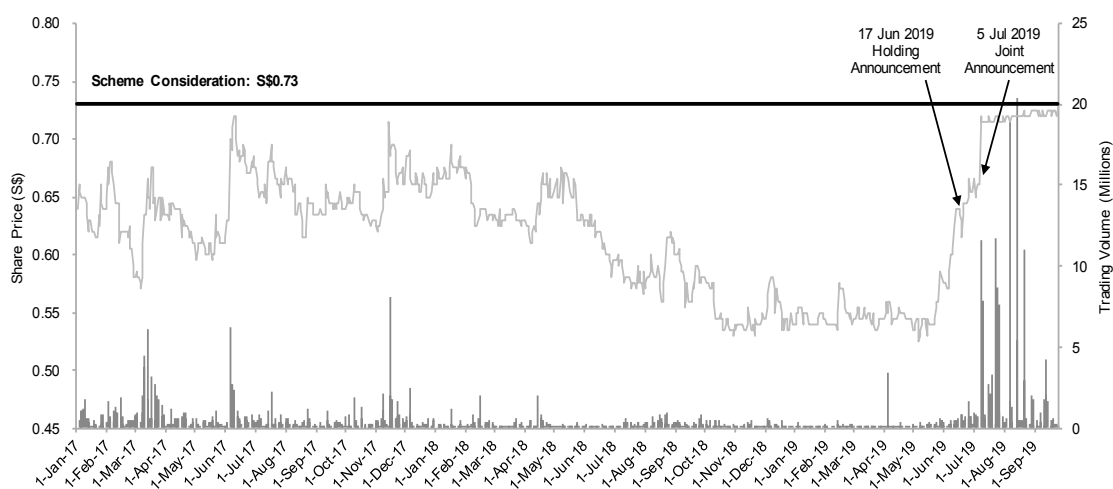
The factors above are discussed in more details in the following sections.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

12.1 Market quotation and historical trading activity of HMI Shares

We set out below a chart which shows the daily closing prices for HMI Shares and the volume traded (excluding married trades) since 1 January 2017 and up to the Latest Practicable Date. We have also listed significant events during the given period.

Share Prices for the Period from 1 January 2017 to the Latest Practicable Date



Source: Capital IQ, Company announcements

Significant events:

- (1) On 9 February 2017, the Company announced its financial results for the six months ended 31 December 2016.
- (2) On 27 March 2017, the Company announced that it had completed the proposed increase of its ownership in Mahkota Medical Centre ("MMC") and Regency Specialist Hospital ("RSH") from 48.9% and 60.8% respectively to 100.0% in both.
- (3) On 11 May 2017, the Company announced its financial results for the nine months ended 31 March 2017.
- (4) On 2 June 2017, the Company announced the redemption of redeemable convertible preference shares in Regency Specialist Hospital Sdn. Bhd.
- (5) On 24 August 2017, the Company announced its financial results for the financial year ended 30 June 2017 and the payment date for final one-tier tax-exempt dividend.
- (6) On 3 November 2017, the Company announced its mandatory cash dividend for the financial year ended 30 June 2017.
- (7) On 13 November 2017, the Company presented its financial results for the three months ended 30 September 2017 and announced the S\$11.0 million placement to Heliconia Capital Management Pte Ltd ("Heliconia").
- (8) On 1 February 2018, the Company announced its collaborative agreement with Japan's Gakken Cocofump Holdings to develop elderly care education in the region.
- (9) On 12 February 2018, the Company presented its financial results for the six months ended 31 December 2017 and announced the adoption of a new dividend policy to declare dividends of not less than 20.0% of the HMI Group's core operating earnings of any financial year.
- (10) On 9 May 2018, the Company announced its financial results for the nine months ended 31 March 2018.
- (11) On 14 May 2018, the Company announced that it had agreed to acquire a 62.5% equity stake in StarMed @ Farrer Square Pte. Ltd. ("StarMed"), a new proposed day-surgery and multi-disciplinary medical centre named "StarMed Specialist Centre" ("SSC") and an existing S\$10.0 million shareholder loan to StarMed, for an aggregate consideration of S\$6.9 million.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

- (12) On 26 June 2018, the Company announced its new brand identity and logo, renewing its commitment and pledge to serve the community through quality and accessible healthcare for all.
- (13) On 30 July 2018, the Company announced its redemption of 11.5% cumulative redeemable preference shares and 8.5% cumulative redeemable preference shares in Regency Medical Centre (Seri Alam) Sdn. Bhd.
- (14) On 27 August 2018, the Company announced its financial results for the financial year ended 30 June 2018.
- (15) On 12 October 2018, the Company released its annual report for financial year 2018.
- (16) On 15 October 2018, the Company announced that StarMed had entered into agreements to purchase additional units at Farrer Square where SSC is located.
- (17) On 2 November 2018, the Company announced the mandatory cash dividend for the financial year ended 30 June 2018.
- (18) On 13 November 2018, the Company announced its financial results for the three months ended 30 September 2018.
- (19) On 14 December 2018, the Company announced the acquisition of interests in Plus Medical Holdings Pte. Ltd. ("**Plus Medical**"), a chain of primary clinics in Singapore.
- (20) On 20 December 2018, the Company announced the voluntary winding up of Silver Uptown Sdn Bhd. (61.39% owned subsidiary of the Company) and Panodahlia Sdn. Bhd. (61.39% owned subsidiary of the Company).
- (21) On 11 February 2019, the Company announced its redemption of redeemable convertible preference shares in Regency Medical Centre (Seri Alam) Sdn Bhd.
- (22) On 11 February 2019, the Company announced its financial results for the six months ended 31 December 2018 and the Company's mandatory cash dividend for the financial year ending 30 June 2019.
- (23) On 15 March 2019, the Company announced the completion of its acquisition of interests in Plus Medical.
- (24) On 15 March 2019, the Company announced the use of net proceeds from the Heliconia investment.
- (25) On 13 May 2019, the Company announced its financial results for the nine months ended 31 March 2019.
- (26) On 17 June 2019, the Board announced that the Company was in discussions with a third party regarding a possible transaction involving the Company's shares.
- (27) On 5 July 2019, the respective boards of directors of the Company and the Offeror announced the Acquisition and the Scheme.
- (28) On 19 August 2019, the Company announced its financial results for the twelve months ended 30 June 2019.
- (29) On 30 August 2019, the Company announced that it has increased its investment in StarMed @ Farrer Square Pte. Ltd., a 70.0% owned subsidiary of the HMI Group, by subscribing 4,200,000 new ordinary shares at total consideration of S\$4.2 million.
- (30) On 24 September 2019, the Company announced that SGX-ST has given approval-in-principle for the delisting of the Company from the Official List of SGX-ST, subject to approval of HMI Shareholders for the Scheme, approval of the High Court of the Scheme and unqualified opinion from an independent financial adviser that the financial terms of the Scheme are fair and reasonable to the HMI Shareholders.

We note that for the period from 1 January 2017 up to the Latest Practicable Date, the closing price of HMI Shares did not exceed the Scheme Consideration. We also note that since the listing of HMI Shares on the SGX-ST on 15 October 1999, the closing price of HMI Shares has never exceeded the Scheme Consideration, except on 14 November 2016.

We further note that the Directors issued a notice on 17 June 2019 that the Company was in discussion with a third party regarding a possible transaction involving the Company's shares. This information may have been incorporated into the price of the HMI Shares, such that 14 June 2019 (being the last full day of trading of HMI Shares prior to the announcement on 17 June 2019 by the Directors that the Company was in discussions regarding a possible transaction involving the Company's shares) may be considered as the "**Last Undisturbed Trading Day**".

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Additional information on the volume-weighted average price (“**VWAP**”) of HMI Shares and other trading statistics are set out below:

Reference period	VWAP ⁽¹⁾ (S\$)	Premium/ (Discount) of Scheme Consideration over/(to) VWAP (%)	Highest Transacted Price (S\$)	Lowest Transacted Price (S\$)	Average daily trading volume ⁽²⁾	Daily trading volume as percentage of free float ⁽³⁾ (%)	Number of days traded as percentage of trading days ⁽⁴⁾ (%)
Periods up to and including the Last Undisturbed Trading Day							
Last 1 year	0.570	28.1	0.640	0.525	206,289	0.06	96.4
Last 6 months	0.563	29.7	0.640	0.525	171,327	0.05	93.4
Last 3 months	0.571	27.8	0.640	0.525	230,766	0.07	95.2
Last 1 month	0.589	23.9	0.640	0.540	333,857	0.11	100.0
Last Undisturbed Trading Day	0.640	14.1	0.640	0.640	552,100	0.17	100.0
Periods prior to the Joint Announcement Date⁽⁵⁾							
Last 1 year	0.583	25.2	0.665	0.525	240,060	0.08	96.8
Last 6 months	0.595	22.7	0.665	0.525	237,209	0.07	94.3
Last 3 months	0.612	19.3	0.665	0.525	328,507	0.10	96.7
Last 1 month	0.642	13.7	0.665	0.570	603,705	0.19	100.0
Last trading day prior to the Joint Announcement Date	0.660	10.6	0.660	0.660	738,600	0.23	100.0
After the Joint Announcement Date and up to the Latest Practicable Date							
Between the Joint Announcement Date and the Latest Practicable Date	0.719	1.5	0.730	0.660	2,736,005	0.86	100.0
As at the Latest Practicable Date	0.730	0.0	0.730	0.730	74,600	0.02	100.0

Source: Capital IQ, EYCF analysis

Notes:

- (1) The VWAP is calculated based on the closing price of HMI Shares and the traded volume for the relevant trading days for each of the periods. The respective last transacted prices of HMI Shares were used for the Last Undisturbed Trading Day, last trading day prior to the Joint Announcement Date, and the Latest Practicable Date.
- (2) The average daily trading volume of HMI Shares is calculated based on the total volume of HMI Shares traded during the given period divided by the number of days on which HMI Shares were traded on the SGX-ST, with respect to the relevant period.
- (3) Free float refers to HMI Shares other than those held by the Directors, substantial shareholders and their associates (as defined in the Listing Manual), which amounts to approximately 317,937,218 HMI Shares or equivalent to approximately 38.0% of the total HMI Shares as at the Joint Announcement Date.
- (4) Calculated using the number of days on which HMI Shares were traded on the SGX-ST with respect to the relevant period, divided by the number of market days on the SGX-ST during the respective relevant period.
- (5) A trading halt was called on the morning of 5 July 2019 prior to the announcement of the Scheme on the evening of 5 July 2019. As such, the last full trading day prior to the Joint Announcement Date is 4 July 2019.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

We note the following:

- (a) Over the last one year prior to and including the Last Undisturbed Trading Day, the market price of HMI Shares traded between a low of S\$0.525 and a high of S\$0.640;
- (b) The Scheme Consideration represents premiums of approximately 28.1%, 29.7%, 27.8%, and 23.9% over the VWAPs for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Undisturbed Trading Day, respectively;
- (c) The Scheme Consideration represents a premium of approximately 14.1% over the last transacted price on the Last Undisturbed Trading Day;
- (d) Over the last one year prior to the Joint Announcement Date, the market price of HMI Shares traded between a low of S\$0.525 and a high of S\$0.665;
- (e) The Scheme Consideration represents premiums of approximately 25.2%, 22.7%, 19.3%, and 13.7% over the VWAPs for the periods 1 year, 6 months, 3 months and 1 month prior to the Joint Announcement Date, respectively;
- (f) The Scheme Consideration represents a premium of approximately 10.6% to the last transacted price prior to the Joint Announcement Date;
- (g) For the period following the Joint Announcement Date up to the Latest Practicable Date, HMI Shares traded between S\$0.660 and S\$0.730 per HMI Share. The Scheme Consideration of S\$0.73 is at a premium of approximately 1.5% to the VWAP of HMI Shares over this period; and
- (h) The Scheme Consideration of S\$0.73 is the same as the last traded price as at the Latest Practicable Date.

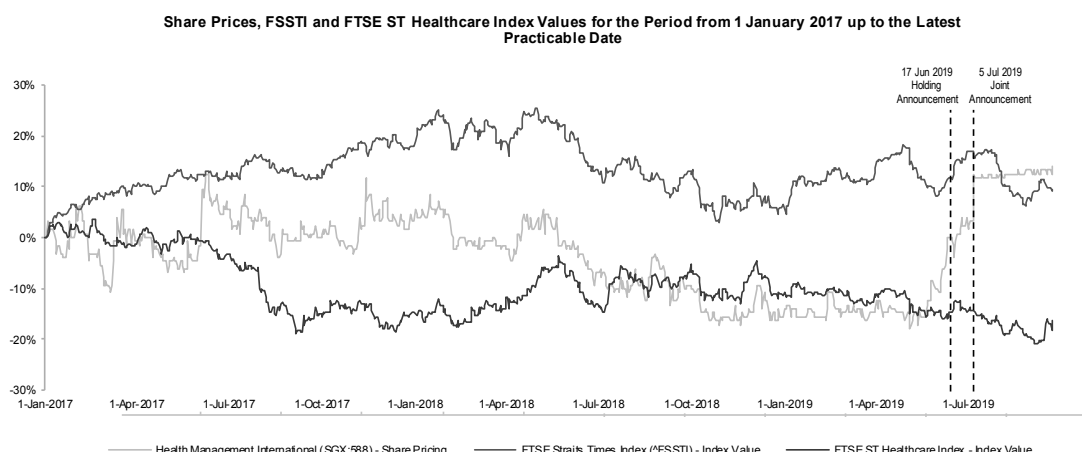
We have also considered the trading liquidity of HMI Shares, and note the following:

- (i) The average daily traded volume of HMI Shares for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Undisturbed Trading Day represents approximately 0.06%, 0.05%, 0.07% and 0.11% of the free float, respectively.
- (ii) The average daily traded volume of HMI Shares as at the Undisturbed Last Trading Day represents 0.17% of the free float;
- (iii) The average daily traded volume of HMI Shares for the periods 1 year, 6 months, 3 months and 1 month prior to the Joint Announcement Date represents approximately 0.08%, 0.07%, 0.10% and 0.19% of the free float, respectively.
- (iv) The average daily traded volume of HMI Shares on the last trading date prior to the Joint Announcement Date represents 0.23% of the free float;
- (v) The number of days on which HMI Shares were traded on the SGX-ST for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Undisturbed Trading Day represents approximately 96.4%, 93.4%, 95.2% and 100.0% of the number of market days on the SGX-ST during the respective relevant period;
- (vi) The number of days on which HMI Shares were traded on the SGX-ST for the periods 1 year, 6 months, 3 months and 1 month prior to the Joint Announcement Date represents approximately 96.8%, 94.3%, 96.7% and 100.0% of the number of market days on the SGX-ST during the respective relevant period;

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

- (vii) HMI Shares had been traded on every market day on the SGX-ST for the period following the Joint Announcement Date up to the Latest Practicable Date.

In order to assess the market price performance of HMI Shares vis-à-vis the price performances of the Singapore equity market in general and the price performances of listed companies on the SGX-ST which are operating in the healthcare segment, we have compared the market movement of HMI Shares against the FTSE Straits Times Index (“**FSSTI**”) and the FTSE ST Healthcare Index for the period from 1 January 2017 up to the Latest Practicable Date.



Source: Capital IQ, rebased to 0% on 1 January 2017

We note the following:

- (a) Overall, HMI Shares had underperformed the FSSTI in relative terms over the period between 1 January 2017 and the Last Undisturbed Trading Day;
- (b) Between January 2017 and May 2018, HMI Shares had in relative terms underperformed the FSSTI and outperformed FTSE ST Healthcare Index; and
- (c) Between May 2018 and the Last Undisturbed Trading Day, HMI Shares had generally been tracking the FSSTI and FTSE ST Healthcare Index.

We wish to highlight that the analysis on the historical trading performance of HMI Shares serves only as an illustrative guide and is not an indication of the future trading performance of HMI Shares.

We note that the holding announcement on 17 June 2019 and announcement of the Scheme may have had an impact on the trading price and volume of HMI Shares. We wish to highlight that the analysis on the historical trading performance of HMI Shares, particularly for the period after the holding announcement on 17 June 2019 and the Joint Announcement Date, serves only as an illustrative guide and should not be relied upon in any way as an indication of the future trading performance of HMI Shares. We also wish to highlight that there is no assurance that the market price and trading volume of HMI Shares will remain at the same level as at the Latest Practicable Date after the close or lapse of the Scheme.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

12.2 Comparison of valuation measures of the Company against those of selected listed comparable companies

Based on our search for comparable listed companies on CapitalIQ, OneSource and other available databases and discussions with the Management, we recognise that there is no particular listed company that we may consider to be directly comparable to HMI in terms of the composition of the business activities, company size, scale of operations, service range, customer base, risk profile, geographical spread of activities, accounting standards and policies used, and such other relevant criteria. However, after discussions with the Management, we have selected companies which we think match HMI in terms of revenues and scope of business, being owner and operator of hospitals (the “Comparable Companies”).

The Independent Directors and HMI Shareholders should note that any comparison made with respect to the Comparable Companies is for illustrative purposes only as there is no one company with the exact scope of business and using the exact accounting policies and standards as those of HMI. The conclusions drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation of HMI as at the Latest Practicable Date. In addition, we wish to highlight that the list of Comparable Companies is by no means exhaustive.

Accordingly, for the purposes of our evaluation, we have considered the following Comparable Companies whose activities, in our view (and as explained above), are broadly comparable to those of HMI:

Selected Comparable Companies / Exchange location	Brief business description	Market capitalisation (\$ million)
Bangkok Chain Hospital Public Company Limited (“BCH”) / Thailand	BCH, together with its subsidiaries, operates a chain of hospitals in Thailand. It is involved in the operation of private hospitals, as well as in nursing business. It operates 15 hospitals in Thailand and the Lao People’s Democratic Republic. BCH was founded in 1984 and is headquartered in Nonthaburi, Thailand.	1,707.8
Chiang Mai Ram Medical Business Public Company Limited (“CMRM”) / Thailand	CMRM operates a medical care center in Chiang Mai, Thailand. The company offers medical services. CMRM operates a medical care center under the Lanna Hospital name. Its medical care center includes 180 beds. The company was founded in 1974 and is headquartered in Chiang Mai, Thailand.	409.7
Chularat Hospital Public Company Limited (“Chularat”) / Thailand	Chularat operates clinics and hospitals in Thailand. It operates through two segments, Hospital Operations and Other Businesses. The company also distributes medical instruments and dietary supplement products. As of December 2018, the company had 14 branches of clinics and hospitals. Chularat was founded in 1986 is based in Samut Prakan, Thailand.	1,149.8
KPJ Healthcare Berhad (“KPJ”) / Malaysia	KPJ, an investment holding company, operates specialist hospitals. It offers laboratory, eye related, senior living care, cardiac, dental, bariatric surgery, reconstructive surgery, rehabilitation, and cancer related services. It operates 25 specialist hospitals in Malaysia; 2 hospitals in Indonesia; 1 hospital in Bangkok; and 1 hospital in Bangladesh. The company was founded in 1981 and is based in Kuala Lumpur, Malaysia.	1,269.8
Praram 9 Hospital Public Company Limited (“Praram 9”) / Thailand	Praram 9 operates a hospital under the Praram 9 name in Thailand. It offers a range of tertiary care services. The company was founded in 1992 and is based in Bangkok, Thailand.	315.3

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Selected Comparable Companies / Exchange location	Brief business description	Market capitalisation (\$ million)
PT Medikaloka Hermina Tbk (" Hermina ") / Indonesia	Hermina operates a network of general hospitals in Indonesia. As of December 2018, it operated 32 hospitals comprising 6 type B hospitals and 26 type C hospitals. The company was founded in 1999 and is based in Central Jakarta, Indonesia.	1,002.6
PT Sarana Meditama Metropolitan Tbk (" Sarana Meditama ") / Indonesia	Sarana Meditama manages hospitals, including OMNI Hospital Pulomas located in Pulomas, East Jakarta; OMNI Hospital Alam Sutera situated in Serpong, South Tangerang; OMNI Hospital Cikarang located in Cikarang, West Bekasi; and OMNI Hospital Pekayon located in Pekayon, South Bekasi. The company was founded in 1984 and is based in East Jakarta, Indonesia.	278.3
PT Siloam International Hospitals Tbk (" Siloam ") / Indonesia	Siloam provides healthcare services in Indonesia. The company also engages in the setting up and managing of hospitals. As of June 2018, it operated 33 hospitals with 6,800 beds in Indonesia. Siloam was founded in 1996 and is headquartered in Tangerang, Indonesia. Siloam is a subsidiary of PT Lippo Karawaci Tbk.	1,117.1
Raffles Medical Group Ltd (" Raffles Medical ") / Singapore	Raffles Medical provides integrated private healthcare services primarily in Singapore, Greater China, Vietnam, Cambodia, and Japan. Its flagship hospital is the Raffles Hospital, a tertiary care hospital and operates 100 medical clinics. The company is also involved in the research and experimental development on biotechnology, and life and medical science. The company was founded in 1976 and is based in Singapore.	1,882.7
Sikarin Public Company Limited (" Sikarin ") / Thailand	Sikarin operates hospitals in Thailand. The company's hospitals comprise Sikarin Hospital with 235 beds in Bangkok; Rattarin Hospital with 100 beds in Muang; and Sikarin Hat-Yai Hospital with 120 beds in Hat Yai. Sikarin was founded in 1979 and is based in Bangkok, Thailand.	428.8
Thonburi Healthcare Group Public Company Limited (" Thonburi ") / Thailand	Thonburi operates private hospitals in Thailand. The company operates through five segments: Hospital Operations; Hospital Management; Healthcare Solution Provider; Development and Sale of Hospital Operation Software; and Property Development. It offers services in various medical fields. The company operates two Bangkok-based hospitals and three provincial hospitals. The company was founded in 1976 and is headquartered in Bangkok, Thailand.	918.1

Source: CapitalIQ

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Valuation Measures of the Comparable Companies in Comparison with the Valuation Measures of HMI implied by the Scheme Consideration

Comparable Companies	Listed Exchange	Market Capitalisation ⁽¹⁾ (in S\$ millions)	EV/ EBITDA Ratio ⁽²⁾ (times)	P/E Ratio ⁽³⁾ (times)	P/NAV Ratio ⁽⁴⁾ (times)
BCH	Thailand	1,707.8	18.8	33.8	6.5
CMRM	Thailand	409.7	19.4	36.8	2.4
Chularat	Thailand	1,149.8	26.5	45.2	7.2
KPJ	Malaysia	1,269.8	12.5	21.7	2.2
Praram 9	Thailand	315.3	13.5	39.7	1.8
Hermia	Indonesia	1,002.6	17.0	57.5 ⁽⁵⁾	5.3
Sarana Meditama	Indonesia	278.3	12.8	178.6 ⁽⁵⁾	2.1
Siloam	Indonesia	1,117.1	14.9	248.5 ⁽⁵⁾	1.8
Raffles Medical	Singapore	1,882.7	19.4	28.4	2.3
Sikarin	Thailand	428.8	15.1	36.8	2.5
Thonburi	Thailand	918.1	32.4	58.3 ⁽⁵⁾	2.4
Low			12.5	21.7	1.8
High			32.4	45.2	7.2
Average			18.4	34.6	3.3
Median			17.0	36.8	2.4
HMI (Implied by the Scheme Consideration)	Singapore	611.3	18.1	38.0	6.6

Source: CapitalIQ, company announcements, company reports

Notes:

- (1) Market capitalisation for the Comparable Companies is based on the outstanding number of shares and the closing price as at Latest Practicable Date as obtained from CapitalIQ. Market capitalisation of the Company is approximately S\$611.3 million based on the Scheme Consideration of S\$0.73 per HMI Share and the total outstanding HMI Shares of 837,337,946 as at the Latest Practicable Date.
- (2) For the Comparable Companies, EV is computed based on the latest available consolidated financial results, except for market capitalisation which is as at the Latest Practicable Date, and EBITDA is computed based on a trailing 12-month basis from the interim unaudited consolidated financial results. EV of the Company is based on the equity consideration of approximately S\$611.3 million implied by the Scheme Consideration and the Company's latest unaudited consolidated financial results as at 30 June 2019. EBITDA of the Company is computed based on the Company's unaudited consolidated results for the 12 months ended 30 June 2019.
- (3) Net profit attributable to shareholders of the Comparable Companies and the Company are computed on a trailing 12-month basis based on the companies' interim unaudited consolidated financial results and the Company's unaudited consolidated results for the 12 months ended 30 June 2019, respectively.
- (4) P/NAV ratio is the ratio of a company's share price as at the Latest Practicable Date divided by its consolidated net asset value attributed to company per share as at the latest available financial results.
- (5) Excluded as statistical outlier in the computation of low, high, average and median.
- (6) The financial statements of the Comparable Companies are reported in various currencies, which may or may not be in Singapore dollars and which may be different from the respective currencies that their shares are traded in. For the purposes of computing and comparing the valuation measures, financial figures in relation to the balance sheet of the Comparable Companies have been translated (if applicable) to Singapore dollars using a suitable exchange rate as at the balance sheet date as obtained from CapitalIQ, while earning figures have been translated (if applicable) to Singapore dollars using a suitable average exchange rate for the relevant financial period, as obtained from CapitalIQ. Closing share prices of the Comparable Companies as at the Latest Practicable Date have been translated (if applicable) to Singapore dollars using a suitable exchange rate as at the Latest Practicable Date, as obtained from CapitalIQ.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Comparison of EV/EBITDA Ratios

The EV/EBITDA Ratio illustrates the ratio of the market value of an entity's business in relation to its historical pre-tax operating cashflow performance and disregards the entity's existing capital structure.

We note that the range of the Comparable Companies EV/EBITDA Ratios is between 12.5 times and 32.4 times, while the average and median EV/EBITDA Ratios are 18.4 times and 17.0 times, respectively.

The EV/EBITDA Ratio of the Company implied by the Scheme Consideration of 18.1 times is within the range of the EV/EBITDA Ratios of the Comparable Companies, below the average and above the median EV/EBITDA Ratios of the Comparable Companies.

Comparison of P/E Ratios

The P/E Ratio illustrates the ratio of the market capitalisation of an entity in relation to the historical net profit attributable to its shareholders.

We note that the range of the Comparable Companies P/E Ratios is between 21.7 times and 45.2 times, while the average and median P/E Ratios are 34.6 times and 36.8 times, respectively.

The P/E Ratio of the Company implied by the Scheme Consideration of 38.0 times is within the range of the P/E Ratios of the Comparable Companies, and above the average and median P/E Ratios of the Comparable Companies.

Comparison of P/NAV Ratios

The P/NAV Ratio represents an asset-based relative valuation which takes into consideration the net tangible assets of a company.

We note that for the Comparable Companies as at the Latest Practicable Date, the range of P/NAV Ratios is between 1.8 times and 7.2 times, while the average P/NAV Ratio is 3.3 times, and the median P/NAV Ratio is 2.4 times.

The P/NAV Ratio of the Company implied by the Scheme Consideration of 6.6 times is within the range of the P/NAV Ratios of the Comparable Companies, and above the average and median P/NAV Ratios of the Comparable Companies.

12.3 Analysis of the NAV and RNAV of the HMI Group

In an NAV-based valuation, a valuation analysis is performed for a company's identified fixed, financial and other assets. The derived aggregate value of these assets is then "netted" against the estimated value of all existing liabilities and minority interests, resulting in an indication of the value of the shareholders' equity.

The net asset backing method is appropriate when the entity being valued is predominantly an investment company which does not carry on any business operations of a commercial nature. The method is also appropriate where (i) the entity's business is to cease operations, and/or (ii) the entity intends to convert the uses of all or most of its assets. This method may ignore the ability of the asset base of the entity to generate ongoing future earnings and sustain an earnings-based valuation.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

In this regard, we note that the Offeror has no current intention to introduce any major changes to the business of HMI or to re-deploy the fixed assets of HMI, save in the ordinary course of business or as a result of any internal reorganisation or restructuring within the HMI Group which may be implemented after the Effective Date. As set out in Section 2.2 of the Letter to HMI Shareholders of the Scheme Document, the Offeror's future intentions for the HMI Group are as follows:

"2.2 The Offeror's Future Intentions

As stated in paragraphs 6.2 to 6.4 of the Offeror's Letter as set out in Appendix C to this Scheme Document (an extract of which is reproduced in italics below):

"6.2 Future Plans. *There is presently no intention by the Offeror to (i) introduce any major changes to the business of HMI, (ii) re-deploy the fixed assets of HMI or (iii) discontinue the employment of the employees of the HMI Group, save in the ordinary course of business or as a result of any internal reorganisation or restructuring within the HMI Group which may be implemented after the Effective Date. However, the board of directors of the Offeror retains and reserves the right and flexibility at any time to consider any options in relation to the HMI Group which may present themselves and which it may regard to be in the interest of the HMI Group.*

6.3 Equity Line. *In relation to the Offeror's future plans for HMI as set out in paragraph 6.2 above, and assuming the Scheme becomes effective in accordance with its terms, the Offeror Articles provide that NewCo will provide a committed equity line (the "Equity Line") to the Offeror of:*

6.3.1 up to S\$100 million between the Effective Date and the date falling 15 months from the Effective Date ("Step-Down Date"); and

6.3.2 up to S\$50 million between the Step-Down Date and the date falling nine months from the Step-Down Date,

for any potential acquisitions or investments to be undertaken by the HMI Group following the Effective Date, subject to such acquisitions or investments being approved pursuant to Article 73 of the Offeror Articles (as reproduced in full in Schedule C to this Letter).

6.4 Management Incentive Arrangements. *In addition, as the Offeror intends and desires that there is continuity of management and minimal interruption of the HMI Group's business, it is envisaged that the Offeror will establish a management equity incentive plan (the "Management Incentive Arrangements") which shall come into effect after the Effective Date and will replace the existing performance share plan of the Company, to grant the senior executives and/or key employees of the HMI Group certain equity incentives if certain conditions and/or targets are met. The Offeror has not considered the specific terms of the Management Incentive Arrangements and will only finalise such terms after the Effective Date."*

Given the above, we have deemed that the following asset-based analyses would not be the primary consideration in our overall evaluation of the Scheme and should be regarded for illustrative purposes only.

The NAV, which is reflected in a company's financial statements, is calculated as total assets less total liabilities and excludes, where applicable, minority interests. The RNAV figure takes into account adjustments to a company's principal assets based on their estimated current market values.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Based on the HMI Group's unaudited consolidated financial statements for the financial year ended 30 June 2019, the unaudited NAV attributable to ordinary shareholders of the HMI Group was about RM284.11 million (S\$93.57 million) or RM0.34 (S\$0.11) per HMI Share as at 30 June 2019. We note that the Scheme Consideration represents a premium of approximately 563.6% to the unaudited NAV as at 30 June 2019 or a P/NAV Ratio of 6.6 times.

We have also taken into consideration whether there are any factors which, based on applicable accounting standards and policies, have not been disclosed in the HMI Group's announced financial results that may have a material impact on the unaudited NAV of the HMI Group as at 30 June 2019. The Management and the Directors have confirmed that, save as disclosed in the unaudited financial statements of the HMI Group for the financial year ended 30 June 2019 and to the best of their knowledge, there is no material information undisclosed in accordance with the applicable accounting standards and policies (including any asset impairment, surplus in revaluation and material contingent liabilities) that may materially impact the NAV of the HMI Group as at 30 June 2019.

In our review of the unaudited balance sheet of the HMI Group as at 30 June 2019, we have also considered whether there are any intangible assets that would not appear in the valuation based on the unaudited NAV of the HMI Group as at 30 June 2019. The Management and the Directors have confirmed that, save as disclosed and to the best of their knowledge, there are no intangible assets which should be disclosed in the balance sheet of the HMI Group in accordance with the applicable accounting standards and policies as at 30 June 2019.

We have also taken into consideration any tangible asset of the HMI Group that should be valued and reflected at a different amount from the amount that is recorded in the unaudited financial statements as at 30 June 2019.

The Company has appointed the Independent Valuers to conduct an independent valuation of the HMI Group's major properties in Singapore and Malaysia (the "**Subject Properties**"), comprising more than 79% of the total book value of property, plant and equipment owned by the HMI Group as of 30 June 2019. The Valuation Reports are set out as Appendix H to the Scheme Document.

We note that the valuations are the Independent Valuer's opinion on the market value of the Subject Properties, which is intended to generally mean the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

For illustrative purposes only, as set out in the Valuation Reports, the summary of values of the Subject Properties is as follows:

No.	Subject Property	Market Value (RM m)	Market Value (S\$ m)
1.	<u>Farrer Square Medical Suites</u> 12 Farrer Park Station Road #01-05 to 09 #05-01 to 06 #06-01 to 06 #07-01 to 06 #08-01 to 06 #09-01 to 06	263.71	86.85

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

No.	Subject Property	Market Value (RM m)	Market Value (S\$ m)
2.	<u>Mahkota Medical Centre</u> Lot 1340, Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka	124.62	41.04
3.	<u>Mahkota Medical Centre Carpark 1</u> Lot 1349, Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka	7.72	2.54
4.	<u>Mahkota Medical Centre Carpark 2</u> Lot 1344, Kawasan Bandar XLII, Daerah Melaka Tengah, Negeri Melaka	19.12	6.30
5.	<u>Regency Specialist Hospital</u> HS(D) 239043, PTD 111517, Mukim Plentong, Daerah, Johor Bahru, Negeri Johor	105.00	34.58
Total Market Value		520.17	171.31
Less: Book Value as at 30 Jun 2019		473.56	155.96
Revaluation Surplus		46.62	15.35

Source: Valuation Reports

As set out in Section 11.2 of Appendix D (General Information relating to Company) to the Scheme Document, *“under Rule 26.3 of the Code, the Company is required, inter alia, to make an assessment of any potential tax liability which would arise if the Subject Properties were to be sold at the amount of the valuation. Based on the Valuation Reports, the potential net tax liabilities that may be incurred by the Company on the hypothetical disposal of the Subject Properties on an “as is” basis is approximately RM 5,657,324. The Company expects the aforesaid tax liabilities to crystallise (if any) as and when the Company disposes of its interests in the Subject Properties.”*. The market values as shown in the table above exclude such potential tax liabilities.

Based on the unaudited balance sheet of the HMI Group as at 30 June 2019, the book value of the Subject Properties is approximately RM473.56 million (S\$155.96 million). Based on the Valuation Reports, the total market value of the Subject Properties is approximately RM520.17 million (S\$171.31 million), excluding any potential tax liabilities.

For discussion purposes only, the unaudited RNAV attributable to ordinary shareholders of the HMI Group is approximately RM325.07 million (S\$107.06 million) or RM0.39 (S\$0.13) per HMI Share as at 30 June 2019, after taking into account adjustments due to the revaluation of the Subject Properties as set out in the Valuation Reports. Based on the unaudited balance sheet of the HMI Group as at 30 June 2019, the NAV attributable to ordinary shareholders of the HMI Group is RM284.11 million (S\$93.57 million) or RM0.34 (S\$0.11) per HMI Share. Based on the unaudited RNAV per HMI Share of RM0.39 (S\$0.13) above, the Scheme Consideration represents a premium of approximately 461.5% or P/RNAV Ratio of 5.6 times.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

In the table below, we have set out the adjustments which were made in determining the RNAV of the HMI Group.

	(RM'000)	(S\$'000)
HMI Group's unaudited NAV attributable to ordinary shareholders (as at 30 Jun 2019)	284,110	93,568
<i>Add: Revaluation surplus arising from the revalued Subject Properties</i>	<i>46,619</i>	<i>15,353</i>
<i>Less: Potential tax liabilities (that would arise if the Subject Properties were to be sold)</i>	<i>5,657</i>	<i>1,863</i>
RNAV of the HMI Group (as at 30 Jun 2019)	325,072	107,058

Source: Company management

While the unaudited RNAV is a relevant basis for comparison, the Independent Directors should note that it is not necessarily a realisable value as the market value of the Subject Properties and any potential tax liabilities arising from the sale of the Subject Properties may vary depending on prevailing market and economic conditions.

12.4 Comparison with privatisation transactions for companies listed on the SGX-ST

In assessing the reasonableness of the Scheme Consideration, we have also examined recent similar transactions by listed companies on the SGX-ST involving successful privatisation transactions announced and completed in the period between 1 January 2017 and the Latest Practicable Date, and wherein the offerors had indicated their intentions to privatise the target companies (the “**Precedent Privatisation Transactions**”). Privatisation transactions of companies listed on the SGX-ST are generally carried out by way of general offers pursuant to the Code, schemes of arrangement pursuant to the Companies Act, or voluntary delistings pursuant to the Listing Manual. Our analysis of the Precedent Privatisation Transactions is to illustrate the premiums/discounts represented by each of the respective offer prices over/to the traded prices prior to the announcements of such Precedent Privatisation Transactions. We have also looked at the respective P/NAV Ratios implied by the exit offer price and based on the financial period used in relation to the Precedent Privatisation Transactions.

The Independent Directors and HMI Shareholders should note that due to the differences in, *inter alia*, business activities, industries, scale of operations, geographical spread of activities, track record and future prospects, accounting standards and policies, any comparison made with respect to the Precedent Privatisation Transactions are for illustrative purposes only. The Precedent Privatisation Transactions are not directly comparable to the terms and conditions of the Scheme. The premium and valuation multiple any offeror is prepared to pay for in any particular offer transaction depends on various factors, including prevailing market conditions and general economic and business risks. The conclusions drawn from such comparisons, therefore, may not necessarily reflect the perceived or implied market valuation for the Company. In addition, we wish to highlight that the list of Precedent Privatisation Transactions is by no means exhaustive and information relating to the Precedent Privatisation Transactions was compiled from publicly available information.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Company name	Announcement date ⁽¹⁾	Premium/(Discount) of the offer price over/(to) relevant prices prior to announcement ⁽²⁾					P/NAV Ratio (times)
		Last Transacted Price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	12-month VWAP (%)	
Auric Pacific Group Limited	07 Feb 2017	13.4	17.8	23.8	35.8	59.6	1.2
Global Premium Hotels Limited	23 Feb 2017	14.1	18.5	21.7	23.3	22.9	0.5
CWT Limited	09 Apr 2017	5.9	6.4	14.8	27.3	30.9	1.0 ⁽³⁾
Nobel Design Holdings Ltd	02 May 2017	8.5	9.4	15.9	18.6	22.6	0.7
Changtian Plastic & Chemical Limited	29 May 2017	45.3	46.6	48.2	49.6	62.9	0.4
China Flexible Packaging Holdings Limited	19 Jun 2017	23.2	24.3	28.2	43.5	59.4	0.6
Croesus Retail Trust	28 Jun 2017	24.0	26.0	31.0	34.0	38.0	1.2
Global Logistic Properties Limited	14 Jul 2017	25.2	19.4	17.8	21.8	42.0	1.1 ⁽³⁾
GP Batteries International Limited	10 Aug 2017	62.5	62.9	62.7	61.1	61.5	0.8 ⁽³⁾
Poh Tiong Choon Logistics Limited	20 Sep 2017	1.6	30.0	41.3	47.7	56.6	1.2 ⁽³⁾
Rotary Engineering Limited	02 Oct 2017	20.1	21.9	25.1	19.3	19.7	1.3 ⁽³⁾
Cogent Holdings Limited	03 Nov 2017	5.2	6.2	12.7	20.3	30.6	1.2 ⁽³⁾
Vard Holdings Limited	13 Nov 2017	0.0	(0.9)	2.5	3.6	n.d.	0.9
CWG International Ltd.	28 Dec 2017	27.5	29.1	29.1	30.9	10.2	0.4 ⁽³⁾⁽⁴⁾
Lee Metal Group Ltd	21 Feb 2018	9.1	14.1	21.4	26.5	32.9	1.0 ⁽³⁾
Weiye Holdings Limited	13 Mar 2018	31.3	41.0	44.1	44.4	27.7	0.3 ⁽³⁾
Tat Hong Holdings Ltd	26 Apr 2018	42.9	47.5	49.1	40.3	44.0	0.7
Viva Industrial Trust	18 May 2018	7.9	7.9	9.1	4.5	5.1	1.3
Wheelock Properties (Singapore) Limited	19 Jul 2018	20.7	29.0	22.8	17.8	13.3	0.8
LTC Corporation Limited	07 Sep 2018	44.5	46.1	45.4	44.1	49.4	0.5 ⁽³⁾
M1 Limited	27 Sep 2018	26.3	29.9	29.1	21.8	18.0	3.9
Keppel Telecommunications & Transportation Ltd	27 Sep 2018	40.0	40.0	35.0	28.0	25.0	1.2
Cityneon Holdings Limited	29 Oct 2018	3.2	6.8	11.9	15.7	19.2	4.5
PCI Limited	04 Jan 2019	27.9	44.0	47.2	50.9	60.1	2.0
Declout Limited	07 Jan 2019	18.2	28.7	47.7	52.9	51.2	1.0
Courts Asia Limited	18 Jan 2019	34.9	36.1	34.3	23.3	(15.3)	0.6
Kingboard Copper Foil Holdings Limited	04 Apr 2019	9.1	16.1	25.3	27.4	32.5	0.9
Memtech International Ltd.	14 May 2019	23.9	31.5	31.6	35.6	30.2	1.1
Boardroom Limited	15 May 2019	14.3	18.4	16.1	17.6	16.7	2.0
Delong Holdings Limited	29 Jul 2019	16.5	18.6	19.0	20.5	9.5	0.6
Low		0.0	(0.9)	2.5	3.6	(15.3)	0.3
High		62.5	62.9	62.7	61.1	62.9	4.5
Average		21.6	25.8	28.8	30.3	32.3	1.2
Median		20.4	25.2	26.8	27.4	30.6	1.0
HMI - Implied by the Scheme Consideration and based on HMI Share prices prior to and including the Last Undisturbed Trading Day							
		14.1	23.9	27.8	29.7	28.1	6.6
HMI – Implied by the Scheme Consideration and based on HMI Share prices prior to the Joint Announcement Date							
		10.6	13.7	19.3	22.7	25.2	6.6

Source: Capital IQ, company circulars and company reports

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Notes:

- (1) Based on the date on which the relevant offer was announced. If there is revision to the offer price, the date of the announcement of the final revised offer is taken.
- (2) Market premium/discount is calculated based on the share price on either the last trading day or unaffected day for the given periods, as defined in the respective circulars.
- (3) Denotes P/RNAV based on available revalued NAV as reported by respective companies.
- (4) RNAV is presented as a range in the circular to shareholders. For the purpose of this analysis, we have used RNAV per share of S\$0.445, translating to P/RNAV ratio of 0.4.

We have based our evaluation on the Precedent Privatisation Transactions on HMI Share prices in relation to the Last Undisturbed Trading Day and the Joint Announcement Date. The Directors made an announcement on 17 June 2019 that the Company's substantial shareholders are in discussions with a third party regarding a possible transaction involving the Company's shares, and the trading price of HMI Shares may have been influenced following the announcement. We note the following with regard to the Precedent Privatisation Transactions:

- (a) the premiums of 14.1%, 23.9% and 28.1% implied by the Scheme Consideration against the last transacted price, 1-month, and 12-month VWAPs of HMI Shares prior to and including the Last Undisturbed Trading Day are within the respective range of premiums, and are below the respective average and median premiums of the Precedent Privatisation Transactions;
- (b) the premiums of 27.8% and 29.7% implied by the Scheme Consideration against the 3-month and 6-month VWAPs of HMI Shares prior to and including the Last Undisturbed Trading Day are within the respective range of premiums, and are below the respective average and above the respective median premiums of the Precedent Privatisation Transactions;
- (c) the premiums of 10.6%, 13.7%, 19.3%, 22.7% and 25.2% implied by the Scheme Consideration against the last transacted price, 1-month, 3-month, 6-month, and 12-month VWAPs of HMI Shares prior to the Joint Announcement Date are within the respective range of premiums, and are below the respective average and median premiums of the Precedent Privatisation Transactions; and
- (d) the P/NAV Ratio of 6.6 times implied by the Scheme Consideration is above the range of P/NAV Ratios of the Precedent Privatisation Transactions.

12.5 Other Relevant Considerations

We have also considered the following in our evaluation of the Scheme:

(a) **Broker research price targets for HMI Shares**

We have reviewed the coverage of brokerage houses and their price targets for HMI Shares for the periods prior to and post the announcement of the Scheme.

We wish to highlight that the list of reports issued by brokerage houses is by no means exhaustive and the price targets for HMI Shares and other statements and opinions contained in the reports represent the individual views of the broker research analyst based on the circumstances (including, *inter alia*, market, economic, industry and monetary conditions as well as market sentiments and investor perceptions regarding the future prospects of the Company) as of the date of publication of the respective broker research reports. The opinions of broker research analysts may change over time as a result of, among other things, changes in market conditions, the Company's market development

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

and the emergence of new information relevant to the Company. As such, the price targets provided may not be an accurate prediction of future market prices of HMI Shares.

Accordingly, for the purposes of our evaluation, we have considered the following compilation of research reports by brokers in relation to HMI Shares and/or the Scheme Consideration of HMI:

Brokerage House	Report Date	Recommendation	Target Price (S\$)
Post Joint Announcement Date			
CGS-CIMB Research Pte. Ltd.	5 Jul 19	Accept Offer	0.68
Maybank Kim Eng Securities Pte Ltd	20 Aug 19	Accept Offer	0.73
Phillip Securities Pte Ltd	8 Jul 19	Accept Offer	0.73
UOB Kay Hian Pte Ltd	8 Jul 19	Accept Offer	0.73
Pre Joint Announcement Date			
CGS-CIMB Research Pte. Ltd.	10 Jun 19	Add	0.68
Maybank Kim Eng Securities Pte Ltd	15 May 19	Buy	0.66
Phillip Securities Pte Ltd	15 May 19	Buy	0.73
UOB Kay Hian Pte Ltd	15 May 19	Buy	0.73
Brokers' Target Price Pre-Joint Announcement Date	Low		0.66
	High		0.73
	Average		0.70
	Median		0.71
HMI Scheme Consideration			0.73

Source: CapitalIQ, broker reports, Scheme Document

We note the following with regards to the brokers' research reports:

- (a) Prior to the announcement of the Scheme, the range of the broker research price targets is between S\$0.66 and S\$0.73, while the average price target is S\$0.70 and median price target is S\$0.71.
- (b) After the announcement of the Scheme, all the brokerage houses' research reports recommended that HMI Shareholders accept the Scheme. The price targets of the brokerage houses CGS-CIMB Research Pte. Ltd., Philip Securities Pte Ltd and UOB Kay Hian Pte Ltd remain the same, while Maybank Kim Eng Securities Pte Ltd's price target has been increased to S\$0.73.

We note that the price targets of the brokerage houses covering the Company are generally lower than or the same as the Scheme Consideration.

We wish to highlight that any and all recommendations or price targets set out above represent the individual views of the respective brokers only.

- (b) **No declaration or payment of any dividend from the date of the Implementation Agreement up to (and including) the Effective Date**

On 12 February 2018, the Company announced the adoption of a dividend policy to declare dividends of not less than 20.0% of the HMI Group's core operating earnings of any financial year.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

We note, however, that under the terms of the Scheme, if any dividend, right or other distribution is declared, paid or made by the Company to the HMI Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend, right or distribution. We also note that the Company has, pursuant to the Implementation Agreement, undertaken that it will not, during the period from the date of the Implementation Agreement up to (and including) the Effective Date, declare or pay any dividend or make any distribution (in cash or in kind) to HMI Shareholders.

(c) **Waiver of rights to a general offer**

We note that, as set out in Section 7 of the Letter to HMI Shareholders of the Scheme Document, by voting in favour of the Scheme, HMI Shareholders will be regarded as having waived their rights to a general offer by the NSI Concert Party Group to acquire the HMI Shares under the Code. Further, the HMI Shareholders would be agreeing to the NSI Concert Party Group acquiring or consolidating effective control of the Company without having to make a general offer.

(d) **Delisting of the HMI Shares**

We note that, as set out in Section 10 of the Letter to HMI Shareholders of the Scheme Document, if and when the Scheme becomes effective and binding in accordance with its terms, the Company will become a wholly-owned subsidiary of the Offeror.

We also note that an application was made by the Company to seek approval-in-principle from the SGX-ST to delist and remove the Company from the Official List of the SGX-ST if and when the Scheme becomes effective and binding in accordance with its terms. The SGX-ST has, on 24 September 2019, advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to:

- (a) the approval of the HMI Shareholders for the Scheme;
- (b) the approval by the Court of the Scheme; and
- (c) an unqualified opinion from an independent financial adviser that the financial terms of the Scheme are fair and reasonable to the HMI Shareholders.

We wish to highlight that by voting in favour of the Scheme, the HMI Shares will be delisted from the Official List of the SGX-ST if the Scheme becomes effective and binding in accordance with its terms.

(e) **Offeror's future intentions for the Company**

We note that the Offeror's future intentions for the Company, as set out in Section 2.2 of the Letter to HMI Shareholders of the Scheme Document, are as follows:

“2.2 The Offeror's Future Intentions

As stated in paragraphs 6.2 to 6.4 of the Offeror's Letter as set out in Appendix C to this Scheme Document (an extract of which is reproduced in italics below):

“6.2 Future Plans. *There is presently no intention by the Offeror to (i) introduce any major changes to the business of HMI, (ii) re-deploy the fixed assets of HMI or (iii) discontinue the employment of the employees of the HMI Group, save in the ordinary course of business or as a result of any internal*

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

reorganisation or restructuring within the HMI Group which may be implemented after the Effective Date. However, the board of directors of the Offeror retains and reserves the right and flexibility at any time to consider any options in relation to the HMI Group which may present themselves and which it may regard to be in the interest of the HMI Group.

6.3 Equity Line. *In relation to the Offeror's future plans for HMI as set out in paragraph 6.2 above, and assuming the Scheme becomes effective in accordance with its terms, the Offeror Articles provide that NewCo will provide a committed equity line (the "Equity Line") to the Offeror of:*

6.3.1 up to S\$100 million between the Effective Date and the date falling 15 months from the Effective Date ("Step-Down Date"); and

6.3.2 up to S\$50 million between the Step-Down Date and the date falling nine months from the Step-Down Date,

for any potential acquisitions or investments to be undertaken by the HMI Group following the Effective Date, subject to such acquisitions or investments being approved pursuant to Article 73 of the Offeror Articles (as reproduced in full in Schedule C to this Letter).

6.4 Management Incentive Arrangements. *In addition, as the Offeror intends and desires that there is continuity of management and minimal interruption of the HMI Group's business, it is envisaged that the Offeror will establish a management equity incentive plan (the "Management Incentive Arrangements") which shall come into effect after the Effective Date and will replace the existing performance share plan of the Company, to grant the senior executives and/or key employees of the HMI Group certain equity incentives if certain conditions and/or targets are met. The Offeror has not considered the specific terms of the Management Incentive Arrangements and will only finalise such terms after the Effective Date."*

We note that with the Management Incentive Arrangements that will be put in place by the Offeror and that will come into effect after the Effective Date, there will be continuity in the management of the HMI Group and minimal interruption due to the Scheme.

(f) **Shareholding structure of the Offeror**

We note that, as set out in Section 4.2 of the Letter to HMI Shareholders of and Appendix C to the Scheme Document, there are two scenarios illustrating the resultant shareholdings of the Offeror immediately following the settlement of the Scheme Consideration.

Scenario 1 assumes that only NSI, Maju Medik (Malaysia) Sdn Bhd ("**MMSB**") and Dr. Cheah Way Mun, Professor Tan Chin Tiong, Dr. Chua Ee Chek, Dr. Ching Kwok Choy and Dr. Kwa Kie Tjong (the "**Other Undertaking Shareholders**") elect to receive the Securities Consideration, and no other HMI Shareholders elect to receive the Securities Consideration. In such a scenario, as the number of HMI Shares that are elected for the Securities Consideration falls below the Maximum Number, the Adjustment Mechanism does not apply. The pro forma shareholding in the Offeror, subject to certain assumptions, comprise 30.5% interest for NewCo, 42.4% interest for NSI, 19.8% interest for MMSB, and 7.3% interest for the Other Undertaking Shareholders.

Scenario 2 assumes that all HMI Shareholders elect to receive the Securities Consideration, save for Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Wei Yao and Ms. Chin Wei Shan, who will elect to receive the Cash Consideration. In such a scenario, as the number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number, the Adjustment Mechanism shall apply. The pro forma shareholding in the Offeror, subject to certain assumptions, comprise 18.6% interest for NewCo, 30.0% interest for NSI, 14.0% interest for MMSB, 5.2% interest for the Other Undertaking Shareholders, and 32.2% for the other HMI Shareholders.

We note that under both scenarios, the controlling shareholders of the Offeror immediately following the settlement of the Scheme Consideration will be the same as the controlling shareholders of the Company as at the Latest Practicable Date.

(g) **Offeror Shares**

We note that the ordinary shares in the capital of the Offeror (the “**Offeror Shares**”) will not be listed on any securities exchange when allotted and issued on the Settlement Date. In addition, as set out in Section 3.4 of the Letter to HMI Shareholders of the Scheme Document, there are risks involved with investing in the Offeror Shares, including the following:

- (i) the Offeror has no track record and may not perform in the same manner as HMI;
- (ii) the Offeror is subject to risks relating to the economic, political, legal or social environments of the Cayman Islands;
- (iii) the Offeror is subject to risks associated with debt financing;
- (iv) the Offeror Shares have never been publicly traded and will not be publicly traded when allotted and issued on the Settlement Date;
- (v) the Offeror Shares are not freely transferable;
- (vi) there is no assurance that the Offeror will declare dividends on the Offeror Shares;
- (vii) NSI and NewCo will collectively hold a significant proportion of all the Offeror Shares and their respective interests may differ from that of the other shareholders of the Offeror (the “**Offeror Shareholders**”), which may limit the ability of such other Offeror Shareholders to influence the outcome of decisions requiring the approval of the Offeror Shareholders;
- (viii) the Offeror is not subject to the same corporate disclosure requirements that HMI has been subjected to as a listed company; and
- (ix) Offeror Shareholders may face difficulties in enforcing their rights as shareholders.

We note that further details on the risk factors relating to the Offeror Shares can be found in Schedule E to the Offeror’s Letter as set out in Appendix C to the Scheme Document. We recommend that the Independent Directors advise HMI Shareholders to read Schedule E to the Offeror’s Letter as set out in Appendix C to the Scheme Document carefully and in its entirety.

(h) **No alternative offer**

We note that, as at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the HMI Shares.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

13 OUR OPINION ON THE SCHEME

In arriving at our opinion and advice to the Independent Directors on the Scheme, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Scheme. The factors we have considered in our evaluation, which are discussed in detail in the earlier sections of this letter and which we have relied upon, are as follows:

- (a) **The premiums implied by the Scheme Consideration.** Since the listing date of HMI Shares on the SGX-ST on 15 October 1999 up to the Latest Practicable Date, the closing price of HMI Shares exceeded the Scheme Consideration on only one trading day, being 14 November 2016.

The Scheme Consideration represents premiums ranging from approximately 23.9% to 29.7% over the VWAPs for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Undisturbed Trading Day, and a premium of approximately 14.1% over the last transacted price on the Last Undisturbed Trading Day.

The Scheme Consideration represents premiums ranging from approximately 13.7% to 25.2% over the VWAPs for the periods 1 year, 6 months, 3 months and 1 month prior to the Joint Announcement Date, and a premium of approximately 10.6% over the last transacted price prior to the Joint Announcement Date.

For the period following the Joint Announcement Date up to the Latest Practicable Date, HMI Shares traded between S\$0.660 and S\$0.730 per HMI Share. The Scheme Consideration represents a premium of approximately 1.5% over the VWAP for the period following the Joint Announcement Date up to the Latest Practicable Date.

- (b) **The liquidity of HMI Shares.** The average daily traded volume of HMI Shares for the periods 1 year, 6 months, 3 months and 1 month prior to and including the Last Undisturbed Trading Day ranged from approximately 0.05% to 0.11% of the free float.

The average daily traded volume of HMI Shares for the periods 1 year, 6 months, 3 months and 1 month prior to the Joint Announcement Date ranged from approximately 0.07% to 0.19% of the free float.

The average daily traded volume of HMI Shares for the period following the Joint Announcement Date up to the Latest Practicable Date represents approximately 0.86% of the free float.

- (c) **Comparison of valuation measures of the Company against those of the Comparable Companies.** The Scheme Consideration represents implied EV/EBITDA, P/E and P/NAV Ratios of 18.1 times, 38.0 times and 6.6 times, respectively.

The EV/EBITDA Ratio implied by the Scheme Consideration is within range of the EV/EBITDA Ratios of the Comparable Companies, below the average and above the median EV/EBITDA Ratios of the Comparable Companies.

The P/E Ratio implied by the Scheme Consideration is within the range of the P/E Ratios of the Comparable Companies, and above both the average and median P/E Ratios of the Comparable Companies.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

The P/NAV Ratio implied by the Scheme Consideration is within the range of the P/NAV Ratios of the Comparable Companies, and above both the average and median P/NAV Ratios of the Comparable Companies.

- (d) **Analysis of the NAV and RNAV of the HMI Group.** Based on the Valuation Reports issued by the Independent Valuers, the Scheme Consideration represents a premium of approximately 461.5% over the unaudited RNAV of the HMI Group or P/RNAV Ratio of 5.6 times. While the unaudited RNAV is a relevant basis for comparison, it is not necessarily a realisable value as the market value of the Subject Properties and any tax liabilities arising from the sale of the Subject Properties may vary depending on prevailing market and economic conditions.

- (e) **Comparison with privatisation transactions for companies listed on the SGX-ST.** The premiums implied by the Scheme Consideration against the price of HMI Shares for different periods prior to and including the Last Undisturbed Trading Day and prior to the Joint Announcement Date are within the range of premiums of the Precedent Privatisation Transactions.

The P/NAV Ratio of 6.6 times implied by the Scheme Consideration is above the respective P/NAV Ratios of the Precedent Privatisation Transactions.

- (f) **Comparison with broker research price targets.** Prior to the announcement of the Scheme, the range of the broker research price targets is between S\$0.66 and S\$0.73, while the average price target is S\$0.70 and median price target is S\$0.71, which are generally lower than the Scheme Consideration.

Following the Scheme Consideration Announcement, CGS-CIMB Research Pte. Ltd., Maybank Kim Eng Securities Pte Ltd, Phillip Securities Pte Ltd and UOB Kay Hian Pte Ltd broker research reports recommended HMI Shareholders to accept the Scheme. Price target are at S\$0.68, S\$0.73, S\$0.73 and S\$0.73 respectively.

- (g) **No declaration or payment of any dividend from the date of the Implementation Agreement up to (and including) the Effective Date.** On 12 February 2018, the Company announced the adoption of a dividend policy to declare dividends of not less than 20.0% of the HMI Group's core operating earnings of any financial year. However, under the terms of the Scheme, if any dividend, right or other distribution is declared, paid or made by the Company to the HMI Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Scheme Consideration by the amount of such dividend, right or distribution. The Company has, pursuant to the Implementation Agreement, undertaken that it will not, during the period from the date of the Implementation Agreement up to (and including) the Effective Date, declare or pay any dividend or make any distribution (in cash or in kind) to HMI Shareholders.

- (h) **Waiver of rights to a general offer.** By voting in favour of the Scheme, HMI Shareholders will be regarded as having waived their rights to a general offer by the NSI Concert Party Group to acquire the HMI Shares under the Code. Further, the HMI Shareholders would be agreeing to the NSI Concert Party Group acquiring or consolidating effective control of the Company without having to make a general offer.

- (i) **Delisting of the HMI Shares.** If and when the Scheme becomes effective and binding in accordance with its terms, the Company will become a wholly-owned subsidiary of the Offeror. The Company has made an application to seek approval-in-principle from the SGX-ST to delist and remove the Company from the Official List of the SGX-ST if and when the Scheme becomes effective and binding in accordance with its terms. The SGX-ST has, on 24 September 2019, advised that it has no objection to the Company's

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

application for delisting from the Official List of the SGX-ST, subject to certain conditions.

- (j) **Offeror's future intentions for the Company.** The Offeror's future intentions for the Company does not include introducing any major changes to the business of HMI, re-deploying the fixed assets of HMI, or discontinuing the employment of the employees of the HMI Group, save in the ordinary course of business or as a result of any internal reorganisation or restructuring within the HMI Group which may be implemented after the Effective Date.

The Offeror also intends and desires that there is continuity of management and minimal interruption of the HMI Group's business, and will establish the Management Incentive Arrangements to grant the senior executives and/or key employees of the HMI Group certain equity incentives if certain conditions and/or targets are met.

- (k) **Shareholding structure of the Offeror.** There are two scenarios illustrating the resultant shareholdings of the Offeror immediately following the settlement of the Scheme Consideration, both of which will result in the controlling shareholders of the Offeror remaining the same as the controlling shareholders of the Company as at the Latest Practicable Date.
- (l) **Offeror Shares.** The Offeror Shares will not be listed on any securities exchange when allotted and issued on the Settlement Date. In addition, there are risks involved with investing in the Offeror Shares, including, among others, the Offeror having no track record and may not perform in the same manner as HMI, the Offeror Shares not being freely transferable, and no assurance that the Offeror will declare dividends on Offeror Shares.
- (m) **No alternative offer.** As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the HMI Shares.

Having considered the factors and the assumptions set out in this letter, and subject to the qualifications set out herein, we are of the opinion that the financial terms of the Scheme are fair and reasonable. Accordingly, we advise the Independent Directors to recommend that HMI Shareholders vote in favour of the Scheme at the Scheme Meeting.

HMI Shareholders may wish to sell their HMI Shares in the open market if they are able to obtain a price higher than the Scheme Consideration, net of related expenses (such as brokerage and trading costs). We also advise the Independent Directors to consider highlighting to HMI Shareholders that there is no assurance that the price of the HMI Shares and trading liquidity will remain at current levels after the close or lapse of the Scheme and the current price performance of the HMI Shares is not indicative of the future price performance levels of the HMI Shares. Further, we wish to highlight that by voting in favour of the Scheme, the HMI Shares will be delisted from the Official List of the SGX-ST if the Scheme becomes effective and binding in accordance with its terms.

The Independent Directors should note that we have arrived at our recommendation based on information made available to us prior to, and including, the Latest Practicable Date. Our advice on the Scheme cannot and does not take into account any subsequent developments after the Latest Practicable Date, including future trading activity or price levels of the HMI Shares, as these are governed by factors beyond the scope of our review, and would not fall within our terms of reference in connection with our evaluation of the Scheme.

APPENDIX B – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

We have prepared this letter as required under Rules 7.1 and 24.1(b) of the Code and Rule 1309(2) of the Listing Manual as well as to advise the Independent Directors on the financial terms of the Scheme, but any recommendations made by the Independent Directors in respect of the Scheme shall remain their responsibility.

While a copy of this letter may be reproduced in the Scheme Document, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any purpose other than the intended purpose in relation to the Scheme at any time and in any manner without our prior written consent in each specific case. For the avoidance of doubt, nothing in this letter prevents the Company, the Management, the Directors, or HMI Shareholders from reproducing, disseminating or quoting this letter without our prior consent for the purpose of any matter relating to the Scheme. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
Ernst & Young Corporate Finance Pte Ltd

Luke Pais
Managing Director

Elisa Montano
Associate Partner

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

PanAsia Health Limited

(Company Registration No: 352109)
(Incorporated in the Cayman Islands)

3 October 2019

To: The Shareholders of Health Management International Ltd

Dear Sir/Madam

PROPOSED ACQUISITION BY PANASIA HEALTH LIMITED OF ALL THE ISSUED ORDINARY SHARES IN THE CAPITAL OF HEALTH MANAGEMENT INTERNATIONAL LTD BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

- 1.1 Acquisition.** On 5 July 2019 (the “**Joint Announcement Date**”), PanAsia Health Limited (the “**Offeror**”), a special purpose vehicle incorporated under the laws of the Cayman Islands which is (indirectly) controlled by EQT Mid Market Asia III GP B.V. (“**EQT GP**”), acting in its capacity as general partner of EQT Mid Market Asia III Limited Partnership (“**EQT LP**”) and Health Management International Ltd (the “**Company**” or “**HMI**”, and together with its subsidiaries, the “**HMI Group**”) made a joint announcement (the “**Joint Announcement**”) in relation to the proposed acquisition (the “**Acquisition**”) by the Offeror of all the issued ordinary shares in the capital of the Company (the “**HMI Shares**”) by way of a scheme of arrangement (the “**Scheme**”) in accordance with Section 210 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), and the Singapore Code on Take-overs and Mergers (the “**Code**”).
- 1.2 The Offeror.** The Offeror is a special purpose vehicle incorporated in the Cayman Islands for the purposes of the Acquisition. As at the date of this Letter, the sole shareholder of the Offeror is PanAsia Health Management B.V. (“**NewCo**”). Further information relating to, *inter alia*, the Offeror, NewCo, EQT GP and EQT LP is set out in **paragraph 8** of this Letter.
- 1.3 Implementation Agreement.** In connection with the Acquisition, the Company and the Offeror have, on 5 July 2019, entered into an implementation agreement setting out the terms and conditions on which the Offeror and the Company will implement the Scheme (the “**Implementation Agreement**”).
- 1.4 Scheme Document.** This Letter from the Offeror to shareholders of the Company (“**Shareholders**”) should be read and construed together with, and in the context of, the scheme document dated 3 October 2019 (“**Scheme Document**”) issued by the Company to the Shareholders containing details of the Scheme. Unless otherwise stated, terms used but not defined in this Letter shall have the same meanings as defined in the Scheme Document.

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

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

2. THE SCHEME

2.1 The Acquisition. Under the Scheme:

2.1.1 all the HMI Shares held by the Entitled HMI Shareholders as at the Books Closure Date will be transferred to the Offeror:

- (i) fully paid up;
- (ii) free from all charges, mortgages, liens, hypothecations, hire purchases, judgments, encumbrances, easements, security, title retention, preferential rights, trust arrangements or any other security interests or any other agreements, arrangements or obligations to create any of the foregoing (“**Encumbrances**”); and
- (iii) together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date. If any dividend, right or other distribution is declared, paid or made by the Company to the Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Scheme Consideration (as defined below) by the amount of such dividend, right or distribution. In this connection, the Company has, pursuant to the Implementation Agreement, undertaken that it will not, during the period from the date of the Implementation Agreement up to (and including) the date on which the Scheme becomes effective in accordance with its terms (the “**Effective Date**”), declare or pay any dividend or make any distribution (in cash or in kind) to Shareholders; and

2.1.2 in consideration for such transfer, each Entitled HMI Shareholder will be entitled to receive for each HMI Share (the “**Scheme Consideration**”), at their election:

- (i) **S\$0.730** in cash (the “**Cash Consideration**”); OR
- (ii) in lieu of the Cash Consideration, **one** new ordinary share in the capital of the Offeror (each, an “**Offeror Share**”) which the Offeror shall allot and issue, duly authorised, fully paid up and free from all Encumbrances, at an issue price of S\$0.730 (the “**Issue Price**”) per Offeror Share (the “**Securities Consideration**”), provided always that no more than 686,218,454 HMI Shares¹ may be elected for the Securities Consideration (the “**Maximum Number**”).

¹ Representing approximately 81.95 per cent. of all of the HMI Shares, based on there being 837,337,946 HMI Shares in issue (excluding 1,642,934 treasury shares) as at the Latest Practicable Date.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

In the event that the aggregate number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number:

- (a) the Maximum Number will be allocated among the Entitled HMI Shareholders who elected for the Securities Consideration on a *pro-rata* basis according to the number of HMI Shares they hold as at the Books Closure Date (relative to one another); and
- (b) in respect of the balance number of HMI Shares that are elected for the Securities Consideration in excess of the Maximum Number, each relevant Entitled HMI Shareholder who elected for the Securities Consideration shall receive in cash an amount equivalent to the Issue Price of each Offeror Share which cannot be allotted and issued to such Entitled HMI Shareholder,

(the “**Adjustment Mechanism**”).

Further details of the Securities Consideration, the Adjustment Mechanism and the election process for the Scheme are set out in **paragraphs 1 and 2 of Schedule A** to this Letter.

2.2 Offeror Shares

- 2.2.1 Offeror Shares.** The Offeror Shares to be allotted and issued pursuant to the Scheme will, on issue, be duly authorised, fully paid up and validly allotted and issued, and free from all Encumbrances and rank *pari passu* in all respects with one another and with all other shares of the Offeror as at the date of their issue, including the Offeror Shares held or to be held by NewCo as at the date of settlement of the Scheme Consideration (the “**Settlement Date**”).

The Offeror Shares will not be listed on any securities exchange when allotted and issued on the Settlement Date.

- 2.2.2 Issue Price.** The Issue Price of each Offeror Share under the Securities Consideration will be the same as the Cash Consideration.

- 2.2.3 Offeror Articles.** The rights, privileges and restrictions attaching to the Offeror Shares shall be set out in the articles of association of the Offeror (the “**Offeror Articles**”) which, pursuant to the Implementation Agreement, shall be adopted on or prior to the Effective Date. The proposed Offeror Articles are reproduced in full in **Schedule C** to this Letter.

- 2.2.4 Risk Factors.** There are risks involved with investing in the Offeror Shares, including the following:

- (i) the Offeror has no track record and may not perform in the same manner as HMI;
- (ii) the Offeror is subject to risks relating to the economic, political, legal or social environments of the Cayman Islands;
- (iii) the Offeror is subject to risks associated with debt financing;

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (iv) the Offeror Shares have never been publicly traded and will not be publicly traded when allotted and issued on the Settlement Date;
- (v) the Offeror Shares are not freely transferable;
- (vi) there is no assurance that the Offeror will declare dividends on the Offeror Shares;
- (vii) Nam See Investment (Pte) Ltd. (“**NSI**”) and NewCo will collectively hold a significant proportion of all the Offeror Shares and their respective interests may differ from that of the other shareholders of the Offeror (the “**Offeror Shareholders**”), which may limit the ability of such other Offeror Shareholders to influence the outcome of decisions requiring the approval of the Offeror Shareholders;
- (viii) the Offeror is not subject to the same corporate disclosure requirements that HMI has been subjected to as a listed company; and
- (ix) Offeror Shareholders may face difficulties in enforcing their rights as shareholders.

Schedule E to this Letter sets out further details on these risk factors. **Shareholders are advised to consider these risk factors carefully and review Schedule E to this Letter in its entirety.**

2.3 Scheme Conditions. The Scheme is conditional upon the satisfaction or waiver (as the case may be) of the Scheme Conditions by the Conditions Long-Stop Date. Additional information on the Scheme Conditions is set out in paragraphs 8 and 9 of the Explanatory Statement. The Scheme Conditions are reproduced in **Appendix I** to the Scheme Document.

2.4 Effect of Termination. In the event of termination of the Implementation Agreement by either the Company or the Offeror (as the case may be) pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (except for certain surviving provisions) and there shall be no liability on the part of any of the Company or the Offeror, except that in the event of termination of the Implementation Agreement by either the Offeror or the Company, to the extent that there is a breach by the Company of the non-solicit provision in Clause 5.2.15 of the Implementation Agreement, the Company shall fully compensate the Offeror for all the costs and expenses incurred by or on behalf of the Offeror in connection with the Acquisition, the Scheme and/or any debt facilities obtained or to be obtained by the Offeror or its affiliates in relation to, or in connection with, the Acquisition, including any debt facilities to be obtained for the purposes of refinancing any such first-mentioned facilities (the “**Acquisition Debt Financing**”), including the fees and disbursements of counsel, auditors, advisers and/or underwriters engaged by or on behalf of the Offeror in connection with the Acquisition, the Scheme and/or the Acquisition Debt Financing, subject to a maximum amount of S\$1.5 million (the “**Break Fee**”).

Please refer to paragraph 8.6 of the Explanatory Statement for additional details on the termination rights and the Break Fee under the Implementation Agreement.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

2.5 Effect of Scheme. If the Scheme becomes effective, it will be binding on all Shareholders, whether or not they were present in person or in proxy, or voted to approve the Scheme, at the Scheme Meeting.

3. IRREVOCABLE UNDERTAKINGS

3.1 Deeds of Undertaking. Each of NSI, Maju Medik (Malaysia) Sdn Bhd (“**MMSB**”), Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao, Ms. Chin Wei Shan, and the other undertaking Shareholders set out in **Schedule D** to this Letter (the “**Other Undertaking Shareholders**” and together with NSI, MMSB, Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan, the “**Undertaking Shareholders**”) has given an irrevocable undertaking to the Offeror (the “**Voting and/or Election Undertakings**”) to, *inter alia*:

- 3.1.1** vote, or procure the voting, in favour of (or in the case of NSI, Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan only, abstain, or procure the abstaining, from voting on) the Scheme at the Scheme Meeting;
- 3.1.2** vote, or procure the voting, against and reject any and all resolutions or proposals to approve, implement, carry out or give effect to any Competing Offer² by a third party;
- 3.1.3** comply with certain non-solicitation and no-talk provisions, in their capacity as a Shareholder;
- 3.1.4** where applicable, elect to accept or procure to elect to accept, in respect of the relevant Undertaking Shareholder’s HMI Shares:
 - (i) in the case of Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan, the Cash Consideration; and
 - (ii) in the case of NSI, MMSB and the Other Undertaking Shareholders as set out in **Schedule D** to this Letter, the Securities Consideration.

The Undertaking Shareholders have each given the Voting and/or Election Undertakings to the Offeror in respect of 517,555,054 HMI Shares held legally and/or beneficially by the Undertaking Shareholders in the aggregate, representing approximately 61.8 per cent. of all the HMI Shares, as at the Latest Practicable Date. Further details of the HMI Shares held by the Undertaking Shareholders as at the Latest Practicable Date are set out in **Schedule D** to this Letter.

² “**Competing Offer**” means any expression of interest, offer or proposal by any person other than the Offeror involving (i) a sale, transfer or other disposal of any direct or indirect interest in some or all of the shares in a Relevant HMI Group Company or substantially all of the assets, business and/or undertakings of a Relevant HMI Group Company; (ii) a general offer for the shares in a Relevant HMI Group Company; (iii) a scheme of arrangement involving a Relevant HMI Group Company or the merger of a Relevant HMI Group Company with any other entity (whether by way of joint venture, reverse takeover bid, dual listed company structure or otherwise); or (iv) any other arrangement having an effect similar to any of (i) to (iii), including a merger or amalgamation proposal. For the purpose of this definition, a Competing Offer will be deemed to be for substantially all of the assets, business and/or undertakings of a Relevant HMI Group Company if the relevant assets, business and/or undertakings in question constitute a “material amount” as defined in Note 2 on Rule 5 of the Code.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

3.2 Termination. The Voting and/or Election Undertakings will terminate on the earlier of the following dates:

3.2.1 if the Implementation Agreement is not terminated, the Effective Date; or

3.2.2 if the Implementation Agreement lapses or is terminated, the date on which the Implementation Agreement is terminated or lapses without the Scheme becoming effective in accordance with its terms.

3.3 No Other Irrevocable Undertakings. Save for the Voting and/or Election Undertakings, no person has given any irrevocable undertaking to any member of the Offeror Concert Party Group to vote in favour of the Scheme as at the Latest Practicable Date.

3.4 Shareholding Structure of the Offeror. For illustration purposes only, the possible shareholding structures of the Offeror immediately following settlement of the Scheme Consideration, based on two different scenarios, are set out in **paragraph 3.2 of Schedule B** to this Letter.

4. ADDITIONAL UNDERTAKINGS

4.1 Additional Undertakings. In addition to their respective Voting and/or Election Undertakings, and subject to and following the Scheme becoming effective in accordance with its terms:

4.1.1 NSI has additionally undertaken to NewCo to:

(i) facilitate NewCo's exit from the Offeror after the fourth anniversary of the Effective Date by:

(a) working towards an initial public offering of the Offeror Shares in conjunction with a listing of the Offeror Shares on a stock exchange (the "**IPO**") within 18 months from the fourth anniversary of the Effective Date;

(b) on and after the fifth anniversary of the Effective Date, and if the IPO has not been completed at such time, assisting with preparations for a sale of NewCo's entire stake in the Offeror (the "**Stake Sale**"); and

(c) if the IPO or the Stake Sale has not been completed on or prior to the sixth anniversary of the Effective Date, granting NewCo a put option, being the right of NewCo to require NSI to purchase all of the Offeror Shares held by NewCo at such time. The purchase price of such Offeror Shares shall be determined by reference to an agreed formula which is based on the future performance of the Offeror and its subsidiaries from time to time (the "**Offeror Group**") and calculated by reference to the earnings before interest, tax, depreciation and amortisation (excluding extraordinary and one-off items) and other financial metrics of the Offeror Group for the relevant reference period, and applying a valuation multiple which is a percentage of the current valuation multiple implied by the Scheme Consideration;

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (ii) if there is misconduct by key executives in the key operating businesses of the HMI Group or material underperformance of the HMI Group, work with NewCo to implement NewCo's decisions in relation to the appointment, removal and replacement of such key executives; and
- (iii) comply and/or procure that its shareholders comply, with customary non-competition and non-solicitation undertakings in relation to the HMI Group; and

4.1.2 each of Dr. Gan See Khem, Ms. Chin Wei Jia and Mr. Chin Wei Yao, in their capacity as shareholders of NSI, has given an irrevocable undertaking to the Offeror and NewCo to comply with customary non-competition and non-solicitation undertakings in relation to the HMI Group,

(collectively, the “**Additional Undertakings**”).

4.2 SIC Confirmation. Pursuant to an application made by EQT Partners Singapore Pte. Ltd. (“**EQT Singapore**”) to the Securities Industry Council (the “**SIC**”) to seek certain rulings and confirmations in relation to the Acquisition and the Scheme (the “**SIC Application**”), the SIC has confirmed that the Additional Undertakings do not constitute special deals for the purposes of Rule 10 of the Code.

4.3 NewCo's Representations, Warranties and Undertakings in respect of the Offeror. Pursuant to the Additional Undertakings, NewCo has represented, warranted and undertaken to and with NSI, *inter alia*, as follows:

4.3.1 as at the Joint Announcement Date, it is the sole legal and beneficial owner of all the Offeror Shares, and from the Joint Announcement Date up to such time falling immediately prior to the Settlement Date, there are and will be no other issued shares or securities in the capital of the Offeror. The Offeror Shares as at the Joint Announcement Date are ordinary shares in the capital of the Offeror;

4.3.2 it shall remain the sole legal and beneficial owner of all the Offeror Shares until the Settlement Date and shall procure and ensure that the Offeror will only issue and allot new Offeror Shares to (i) Shareholders who have validly elected to accept the Securities Consideration in respect of their HMI Shares pursuant to the Scheme and (ii) NewCo pursuant to the Equity Financing (as defined in **paragraph 5.2 of Schedule B** to this Letter);

4.3.3 as at the Joint Announcement Date, the Offeror has not incurred any indebtedness (save for the Equity Financing and Acquisition Debt Financing);

4.3.4 as at the Joint Announcement Date and save for in connection with the Acquisition and the Scheme (including but not limited to the Equity Financing and Acquisition Debt Financing) or as disclosed in writing to NSI:

- (i) the Offeror is wholly a special purpose vehicle for the purposes of making the Acquisition with no other business, operations or liabilities;
- (ii) the Offeror is not a party to or subject to any binding contract, transaction, arrangement, understanding or obligation;

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (iii) there are no outstanding or contingent obligations or liabilities on the part of the Offeror and/or affecting the Offeror;
- (iv) the Offeror has not extended any guarantee or indemnity to any person or in respect of any obligation or liability;
- (v) the Offeror is in compliance with all applicable laws or to any requirement of any competent governmental or statutory authority or rules or regulations of any relevant regulatory, administrative or supervisory body; and
- (vi) no action, claim, demand, appeal, litigation, arbitration or dispute resolution proceeding, or any disciplinary or enforcement proceeding, in any jurisdiction is currently taking place or is pending or, to the best of the knowledge of the Offeror, is threatened, against the Offeror; and

4.3.5 NewCo will procure and ensure that the Offeror will not incur any indebtedness from the Joint Announcement Date to the Settlement Date (both inclusive), save for in connection with the Acquisition and the Scheme (including but not limited to the Equity Financing and Acquisition Debt Financing).

Similar representations, warranties and undertakings have been given by the Offeror to the Company in the Implementation Agreement.

5. DELISTING

5.1 Upon the Scheme becoming effective and binding, the Company will become a wholly-owned subsidiary of the Offeror, and consequently will not be able to meet the listing requirements of the SGX-ST.

5.2 An application was made to seek approval from the SGX-ST to delist and remove the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST has, on 24 September 2019, advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST, subject to:

5.2.1 the approval of the Shareholders for the Scheme;

5.2.2 the approval by the Court of the Scheme; and

5.2.3 an unqualified opinion from an independent financial adviser that the financial terms of the Scheme are fair and reasonable to the Shareholders.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the proposed delisting and removal of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE HMI SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

6. RATIONALE FOR THE ACQUISITION AND FUTURE PLANS FOR THE COMPANY

6.1 Rationale for the Offeror. The Acquisition represents an opportunity for the Offeror to invest in a reputable private healthcare provider with a regional presence in Singapore, Malaysia and Indonesia.

6.2 Future Plans. There is presently no intention by the Offeror to (i) introduce any major changes to the business of HMI, (ii) re-deploy the fixed assets of HMI or (iii) discontinue the employment of the employees of the HMI Group, save in the ordinary course of business or as a result of any internal reorganisation or restructuring within the HMI Group which may be implemented after the Effective Date. However, the board of directors of the Offeror retains and reserves the right and flexibility at any time to consider any options in relation to the HMI Group which may present themselves and which it may regard to be in the interest of the HMI Group.

6.3 Equity Line. In relation to the Offeror's future plans for HMI as set out in **paragraph 6.2** above, and assuming the Scheme becomes effective in accordance with its terms, the Offeror Articles provide that NewCo will provide a committed equity line (the "**Equity Line**") to the Offeror of:

6.3.1 up to S\$100 million between the Effective Date and the date falling 15 months from the Effective Date ("**Step-Down Date**"); and

6.3.2 up to S\$50 million between the Step-Down Date and the date falling nine months from the Step-Down Date,

for any potential acquisitions or investments to be undertaken by the HMI Group following the Effective Date, subject to such acquisitions or investments being approved pursuant to Article 73 of the Offeror Articles (as reproduced in full in **Schedule C** to this Letter).

6.4 Management Incentive Arrangements. In addition, as the Offeror intends and desires that there is continuity of management and minimal interruption of the HMI Group's business, it is envisaged that the Offeror will establish a management equity incentive plan (the "**Management Incentive Arrangements**") which shall come into effect after the Effective Date and will replace the existing performance share plan of the Company, to grant the senior executives and/or key employees of the HMI Group certain equity incentives if certain conditions and/or targets are met. The Offeror has not considered the specific terms of the Management Incentive Arrangements and will only finalise such terms after the Effective Date.

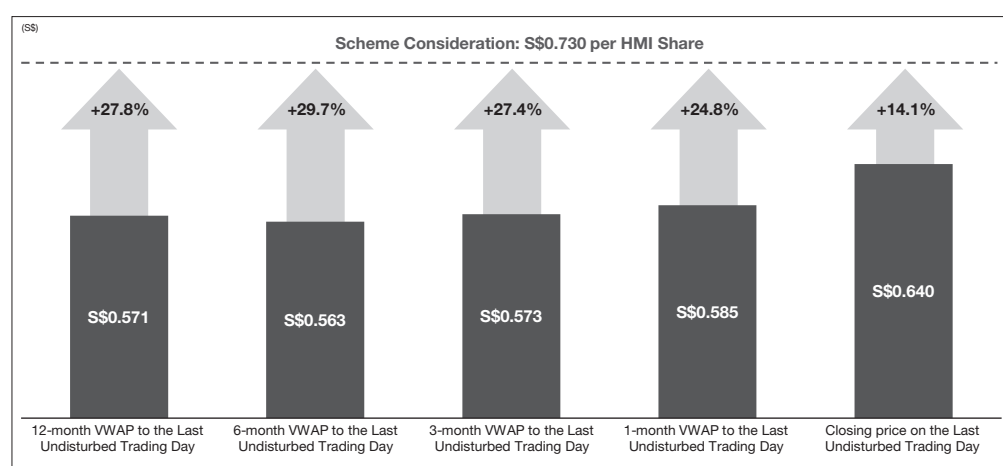
APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

7. RATIONALE FOR THE SCHEME

7.1 Opportunity for Shareholders to Realise their Investment at an Attractive Valuation without incurring Brokerage Fees

7.1.1 The Scheme Consideration represents an attractive premium to prevailing market prices

The Scheme Consideration represents a premium of approximately 27.8 per cent., 29.7 per cent., 27.4 per cent. and 24.8 per cent. over the 12-month, six-month, three-month and one-month volume-weighted average price (“VWAP”) of the HMI Shares respectively, as transacted on the SGX-ST, up to and including 14 June 2019 (the “**Last Undisturbed Trading Day**”)³. The Scheme Consideration also represents a premium of approximately 14.1 per cent. over the last traded price per HMI Share as quoted on the SGX-ST on the Last Undisturbed Trading Day.



Source: Bloomberg, L.P. as at 14 June 2019.

³ Being the last full trading day immediately preceding the date on which the Company released the holding announcement in respect of a possible transaction, i.e. 17 June 2019.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- 7.1.2** Since the listing of the Company on the SGX-ST in 1999 until the Joint Announcement Date, the closing share price of HMI Shares has only exceeded the Scheme Consideration on one trading day

Since the listing of the Company in 1999 on the SGX-ST until the Joint Announcement Date, the closing share price of the HMI Shares has only exceeded the Scheme Consideration on one trading day, namely on 14 November 2016.

Since its listing in 1999, the closing price of the HMI Shares has only exceeded the Scheme Consideration on one trading day



Source: Bloomberg, L.P. as at 14 June 2019.

Note:

- (1) An announcement was made on 11 November 2016 on HMI's proposed consolidation of its ownership in Mahkota Medical Centre and Regency Specialist Hospital.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

7.1.3 Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity of HMI Shares

The historical trading liquidity of the HMI Shares has been low, with a total trading volume of approximately 7,223,600 HMI Shares, 13,615,300 HMI Shares, and 19,551,332 HMI Shares during the one-month, three-month and six-month periods respectively up to and including the Last Undisturbed Trading Day. These represent only 0.9 per cent., 1.6 per cent. and 2.3 per cent. of the total number of HMI Shares in issue as at the Latest Practicable Date for each of the respective aforementioned relevant periods.

	Average daily trading volume⁽¹⁾	Average daily trading volume as a percentage of total issued HMI Shares (per cent.)⁽²⁾⁽³⁾
One-month period up to and including the Last Undisturbed Trading Day	328,345	0.04
Three-month period up to and including the Last Undisturbed Trading Day	226,922	0.03
Six-month period up to and including the Last Undisturbed Trading Day	170,012	0.02

Notes:

- (1) Calculated using the total volume of HMI Shares traded divided by the number of days on which HMI Shares were traded on the SGX-ST, with respect to the relevant period.
- (2) Calculated using the average daily trading volume of HMI Shares for the relevant period divided by the total number of HMI Shares in issue as at the Latest Practicable Date, expressed as a percentage.
- (3) Rounded to the nearest two decimal places.

Pursuant to the Scheme, Shareholders who find it difficult to exit their investment in the Company as a result of the low trading volume in HMI Shares are presented with an opportunity to liquidate and realise their investment in the Company at a premium to the prevailing market prices, if they elect to receive the Cash Consideration.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

7.2 StarMed Start-up Costs

The Company announced the acquisition of a 62.5 per cent. equity stake in StarMed @ Farrer Square Pte. Ltd. (“**StarMed**”) on 14 May 2018, and further announced an increase in its equity stake in StarMed to 70 per cent. on 15 October 2018 and 30 August 2019. StarMed commenced the soft launch of its operations in September 2018 and the Company has announced that it expects gestation start-up costs from StarMed’s operations to be incurred for potentially up to three years.

The Scheme provides Shareholders with the opportunity to realise their investment in the Company at a premium to the prevailing market prices and avoid any potential share price volatility that may arise due to fluctuations in earnings as a result of the gestation start-up costs that may be incurred from StarMed’s operations.

7.3 Access to an Efficient Source of Capital in Support of the Company’s Future Growth

The Company has an established track record in developing and growing healthcare businesses. Since the Company’s incorporation in 1998 and listing on the SGX-ST in 1999, the Company has grown from operating a single hospital into a regional private healthcare provider with a presence in Singapore, Malaysia and Indonesia.

In recent years, large pools of capital, including private equity funds, have focused on healthcare investments in Southeast Asia, leading to increased competition for healthcare assets. Amidst the intensifying competition and consolidation amongst the healthcare players in the region, the Company believes that in order to compete effectively, it will require a significant amount of capital for potential strategic investments and opportunistic acquisitions. Should the Company remain a listed company at this scale, raising capital successfully (e.g. through rights issues and/or private placements) may take time and may be highly dependent on the market conditions. Such capital raisings may also entail higher costs and may result in the dilution of the interests of Shareholders.

EQT will provide the Company with access to an efficient source of capital through the Equity Line referenced in **paragraph 6.3** of this Letter, which will allow the Company to operate more efficiently in achieving its growth objectives. Upon the Scheme becoming effective and binding in accordance with its terms, the Company will have secured a strategic long-term investor and partner to support its growth. The Company will also be able to leverage on EQT’s global network of advisors and a strong investment track record in healthcare platforms around the world.

7.4 Shareholders have an option to elect to accept the Securities Consideration

Shareholders will have an option to elect for the Securities Consideration in the form of the Offeror Shares. The Offeror Shares are in a private offshore entity, and Shareholders should carefully consider the risk factors set out in **Schedule E** to this Letter should they wish to elect to receive the Securities Consideration.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

8. INFORMATION RELATING TO THE OFFEROR AND EQT

8.1 EQT. EQT is a differentiated global investment organization with more than EUR 62 billion in raised capital and around EUR 40 billion in assets under management across 19 active funds. EQT funds have portfolio companies in Europe, Asia and the US with total sales of more than EUR 21 billion and approximately 127,000 employees. EQT works with portfolio companies to achieve sustainable growth, operational excellence and market leadership. For further details on EQT, Shareholders may refer to EQT's website at <https://www.eqtgroup.com/>.

8.2 The Offeror, NewCo, TopCo and EQT GP. As at the date of this Letter:

- (i) the sole shareholder of the Offeror is NewCo, and the sole shareholder of NewCo is PanAsia Health Holdings Coöperatief U.A. ("**TopCo**"), which in turn is ultimately wholly-controlled by EQT GP, acting in its capacity as general partner of EQT LP;
- (ii) each of NewCo and TopCo are special purpose vehicles incorporated in the Netherlands for the purposes of the Acquisition; and
- (iii) EQT GP is advised by its professional advisor, EQT Singapore.

Schedule B to this Letter sets out certain additional information relating to the Offeror.

9. DISCLOSURE OF INTERESTS

9.1 Holdings of and Dealings in HMI Shares. As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter, in particular, **Schedule G**):

- 9.1.1** none of (i) the Offeror, (ii) the directors of the Offeror, (iii) the other members of the Offeror Concert Party Group or (iv) the Undertaking Shareholders owns, controls or has agreed (other than pursuant to the Implementation Agreement) to acquire any (a) HMI Shares or securities which carry voting rights in the Company; and (b) convertible securities, warrants, options and derivatives in respect of (a) (collectively, the "**HMI Securities**"); and
- 9.1.2** none of (i) the Offeror, (ii) the directors of the Offeror, (iii) the other members of the Offeror Concert Party Group or (iv) the Undertaking Shareholders has dealt for value in any HMI Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

Upon the Scheme becoming effective in accordance with its terms, the Offeror will hold and control all the voting rights in the Company.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

9.2 Holdings of and Dealings in Offeror Securities. As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter, in particular, **Schedule G**):

9.2.1 none of (i) the Offeror, (ii) the directors of the Offeror, (iii) the other members of the Offeror Concert Party Group or (iv) the Undertaking Shareholders owns, controls or has agreed to acquire any (a) Offeror Shares or equity share capital in the Offeror; (b) securities which carry substantially the same rights as the Offeror Shares; and (c) convertible securities, warrants, options and derivatives in respect of (a) or (b) (collectively, the “**Offeror Securities**”); and

9.2.2 none of (i) the Offeror, (ii) the directors of the Offeror, (iii) the other members of the Offeror Concert Party Group or (iv) the Undertaking Shareholders has dealt for value in any Offeror Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

9.3 Other Arrangements. As at the Latest Practicable Date, save as disclosed in the Scheme Document (including this Letter):

9.3.1 there are no HMI Securities or Offeror Securities held by any persons with whom any member of the Offeror Concert Party Group has any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the HMI Securities or Offeror Securities which may be an inducement to deal or refrain from dealing in the HMI Securities or Offeror Securities; and

9.3.2 save that the HMI Shares acquired by the Offeror pursuant to the Acquisition will be charged in favour of Credit Suisse AG, Singapore Branch as security for the Acquisition Debt Financing (as set out in **paragraph 5.1 of Schedule B** to this Letter) and save for a share pledge granted by NSI in respect of 4,000,000 HMI Shares in favour of Sing Investments & Finance Ltd. and a share pledge granted by NSI in respect of 48,228,571 HMI Shares in favour of Oversea-Chinese Banking Corporation Limited, no member of the Offeror Concert Party Group has (i) granted a security interest over any HMI Securities to another person, whether through a charge, pledge or otherwise; (ii) borrowed from another person any HMI Securities (excluding borrowed securities which have been on-lent or sold); or (iii) lent to another person any HMI Securities.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

10. OVERSEAS SHAREHOLDERS

10.1 Overseas Shareholders. The applicability of the Scheme to Shareholders whose addresses are outside Singapore, as shown on the Register of Members or Depository Register (as the case may be) (“**Overseas Shareholders**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable requirements in their own jurisdictions.

10.2 Copies of Scheme Document. The Constitution provides that any Shareholder whose registered address is outside Singapore and who has not supplied an address within Singapore for the service of notices and documents shall not be entitled to receive any such notices or documents from the Company. Accordingly, the Scheme Document (including this Letter) has not been and will not be sent to any Overseas Shareholder.

Shareholders (including Overseas Shareholders) may obtain copies of the Scheme Document (including this Letter) and any related documents during normal business hours and up to the date of the Scheme Meeting from the Share Registrar at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623. Alternatively, an Overseas Shareholder may write in to the Share Registrar at the same address to request for the Scheme Document (including this Letter) and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three (3) Market Days prior to the date of the Scheme Meeting.

For the avoidance of doubt, the Scheme is being proposed to all Shareholders (including the Overseas Shareholders), including those to whom the Scheme Document (including this Letter) have not been, or will not be, sent, provided that the Scheme Document (including this Letter) does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

It is the responsibility of any Overseas Shareholder who wishes to request for the Scheme Document (including this Letter) and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements. In requesting for the Scheme Document (including this Letter) and any related documents or participating in the Scheme, the Overseas Shareholder represents and warrants to the Offeror and the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Overseas Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

10.3 Payment and Delivery of Offeror Share Certificates to Overseas Shareholders. Overseas Shareholders who wish to elect to receive the Securities Consideration are required to provide the Share Registrar or CDP (as the case may be) with an address within Singapore for the purposes of service of notices and delivery by the Offeror of the Offeror Share Certificates (as defined in **paragraph 3.2.4(ii) of Schedule A** to this Letter) by 5.00 p.m. on the last day of the Election Period (the “**Election Closing Date**”). Overseas Shareholders should note that, as stated in **paragraph 2.2 of Schedule A** to this Letter, all Entitled HMI Shareholders (other than Entitled Depository Agents (as defined in **paragraph 2.2 of Schedule A** to this Letter)), are to complete, sign and return the Election Forms, in accordance with the procedures set out in **Schedule A** and the provisions and instructions printed in the Election Forms, no later than 5.00 p.m. on the Election Closing Date.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Entitled HMI Shareholders whose addresses as recorded in the Register of Members or the Depository Register (as the case may be) are not within Singapore and who do not provide the Company with an address in Singapore prior to 5.00 p.m. on the Election Closing Date will be deemed to have elected the Cash Consideration in respect of all their HMI Shares.

- 10.4 Notice.** The Offeror and the Company each reserves the right to notify any matter, including the fact that the Scheme has been proposed, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including any Overseas Shareholder) to receive or see such announcement or advertisement. For the avoidance of doubt, for as long as the Company remains listed on the SGX-ST, it will continue to notify all Shareholders (including Overseas Shareholders) of any matter relating to the Scheme by announcement via SGXNET.

Notwithstanding that any Overseas Shareholder may not receive the notice of the Scheme Meeting, they shall be bound by the Scheme if the Scheme becomes effective in accordance with its terms.

11. SETTLEMENT AND REGISTRATION PROCEDURES

Paragraph 3 of Schedule A to this Letter set out details of the procedures in relation to settlement and registration.

12. GENERAL INFORMATION

Schedule H to this Letter sets out certain additional general information relating to the Scheme.

13. FINANCIAL ADVISER AND CONFIRMATION OF FINANCIAL RESOURCES

- 13.1** Credit Suisse (Singapore) Limited (the “**Offeror Financial Adviser**”) is the financial adviser to the Offeror in respect of the Acquisition and the Scheme.
- 13.2** The Offeror Financial Adviser has confirmed that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Cash Consideration payable by the Offeror for all the HMI Shares to be acquired by the Offeror pursuant to the Scheme (excluding the amount which the Undertaking Shareholders have undertaken to receive in the form of Offeror Shares pursuant to the Securities Consideration), on the basis that all Shareholders (other than the Undertaking Shareholders who have elected to receive the Securities Consideration) elect to receive the Cash Consideration.

14. RESPONSIBILITY STATEMENT

The directors of the Offeror (including any who may have delegated detailed supervision of the preparation of this Letter) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Letter which relate to the Offeror (excluding information relating to the Company or any opinion expressed by the Company or the IFA) are fair and accurate and that there are no other material facts not contained in this Letter, the omission of which would make any statement in this Letter misleading. The directors of the Offeror jointly and severally accept responsibility accordingly.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Letter. The directors of the Offeror do not accept any responsibility for any information relating to the Company or any opinion expressed by the Company.

Yours faithfully
For and on behalf of
PANASIA HEALTH LIMITED

Marie Louise van Dam
Director

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

SCHEDULE A SECURITIES CONSIDERATION, ADJUSTMENT MECHANISM, ELECTION PROCESS, SETTLEMENT AND REGISTRATION

1. SECURITIES CONSIDERATION AND ADJUSTMENT MECHANISM

- 1.1 Rounding.** Subject to the Adjustment Mechanism, in respect of the Securities Consideration, the aggregate number of Offeror Shares which each Shareholder will be entitled to pursuant to the Scheme, based on the HMI Shares held by such Shareholder as at the Books Closure Date, will be rounded down to the nearest whole number, and fractional entitlements shall be disregarded in the calculation of the aggregate Offeror Shares to be issued to any Shareholder pursuant to the Scheme.

In respect of the Cash Consideration or the cash component of the Securities Consideration (in the event that the Adjustment Mechanism applies), the aggregate cash amount that is payable to any Shareholder in respect of the HMI Shares held by such Shareholder shall be rounded to the nearest S\$0.01.

- 1.2. Adjustment Mechanism.** Where the aggregate number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number, the Adjustment Mechanism shall apply and an Entitled HMI Shareholder who elected to receive the Securities Consideration would not be entitled to re-elect to receive the Cash Consideration with respect to all or any of his Directly-Held HMI Shares or Indirectly-Held HMI Shares. The number of Offeror Shares to be allotted and issued to an Entitled HMI Shareholder who has elected to receive the Securities Consideration shall be calculated in accordance with the following formula:

$$N = \frac{S}{T} \times M$$

where:

“**N**” is the number of Offeror Shares to be allotted and issued to such Entitled HMI Shareholder;

“**S**” is the number of HMI Shares held by such Entitled HMI Shareholder;

“**T**” is the aggregate number of HMI Shares that are elected for the Securities Consideration; and

“**M**” is the Maximum Number.

As an example and purely for illustration purposes only, assuming that an aggregate of 800,000,000 HMI Shares are elected for the Securities Consideration and an Entitled HMI Shareholder elects to receive the Securities Consideration in respect of the 1,000 HMI Shares held by him, the Scheme Consideration will be paid to such Entitled HMI Shareholder in the following manner:

- Number of Offeror Shares received: $(1,000/800,000,000) \times 686,218,454 = 857$ (rounded down to the nearest whole number pursuant to **paragraph 1.1** of this **Schedule A** to this Letter)
- Amount of cash received: $S\$0.730 \times (1,000 - 857) = S\104.39

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Where the aggregate number of HMI Shares that are elected for the Securities Consideration is less than or equal to the Maximum Number, each Entitled HMI Shareholder who has elected to receive the Securities Consideration will receive one Offeror Share for each HMI Share held by him.

2. ELECTION PROCESS

2.1 Election Process. Each Entitled HMI Shareholder:

- 2.1.1 who is holding HMI Shares as a Depositor or in scrip form (“**Directly-Held HMI Shares**”) shall only be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Securities Consideration for all of its Directly-Held HMI Shares, but not a combination of both; and
- 2.1.2 who is holding HMI Shares in its capacity as a Depository Agent on behalf of sub-account holder(s) (“**Indirectly-Held HMI Shares**”), shall in respect of each such sub-account holder, be entitled to elect to receive the Cash Consideration or, in lieu thereof, the Securities Consideration for all the Indirectly-Held HMI Shares held on behalf of such sub-account holder, but not a combination of both,

(each Shareholder under **paragraph 2.1.1** of this **Schedule A** and Depository Agent (for and on behalf of each sub-account holder under **paragraph 2.1.2** of this **Schedule A**) shall be referred to as an “**Electing Party**”).

If a Shareholder holds both Directly-Held HMI Shares and Indirectly-Held HMI Shares through securities sub-account(s) with Depository Agent(s), such Shareholder shall elect to receive either the Cash Consideration or the Securities Consideration (and not a combination of the two) in respect of all of its Directly-Held HMI Shares, and shall direct its Depository Agent(s) to elect to receive the same form of the Scheme Consideration in respect of all of its Indirectly-Held HMI Shares.

In the event that any Electing Party:

- (i) fails to elect to receive a Scheme Consideration within the Election Period, whether due to an absence or failure of a valid election;
- (ii) to the extent applicable under the laws of the Cayman Islands and upon being notified by the Offeror, fails to provide such details and/or information as may be required to satisfy the requirements of the anti-money laundering regulations of the Cayman Islands;
- (iii) elects to receive the Securities Consideration or Cash Consideration in respect of some only and not all of its HMI Shares;
- (iv) holds both Directly-Held HMI Shares and Indirectly-Held HMI Shares through securities sub-account(s) with Depository Agent(s) and does not elect to receive and direct its Depository Agent(s) to elect to receive the same form of the Scheme Consideration in respect of all its Directly-Held HMI Shares and Indirectly-Held HMI Shares respectively, and the Offeror is notified of such occurrence; and/or

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (v) maintains an address recorded in the Register of Members or the Depository Register (as the case may be) that is not within Singapore and does not provide HMI with an address in Singapore prior to 5.00 p.m. on the Election Closing Date,

such Electing Party shall be deemed to have elected to receive the Cash Consideration for all of its HMI Shares, and shall be entitled only to receive the Cash Consideration for all of its HMI Shares as at the Books Closure Date.

In addition, if the Share Registrar or CDP (as the case may be) fails to receive, from any Electing Party, an Election Form or Electronic Election (as defined in **paragraph 2.3** of this **Schedule A**) by 5.00 p.m. on the Election Closing Date or receives an Election Form or Electronic Election which does not comply with the instructions contained in the Election Form or the terms and conditions contained in this Scheme Document (including this Letter), or which is not complete or is invalid in any other respect, that Electing Party shall be deemed to have elected the Cash Consideration in respect for all of its HMI Shares.

2.2 Election Forms. Each Entitled HMI Shareholder (other than Entitled HMI Shareholders who are Depository Agents (“**Entitled Depository Agents**”)) may elect whether to receive the Cash Consideration for all of its HMI Shares or the Securities Consideration in respect of all of its HMI Shares. The Election Forms will be despatched by the Offeror (or on its behalf) on the Election Forms Despatch Date to all Entitled HMI Shareholders (other than Entitled Depository Agents), at their respective Singapore addresses shown in the records of CDP (in respect of Entitled HMI Shareholders whose HMI Shares are deposited with CDP) or the Register of Members (in respect of Entitled HMI Shareholders whose HMI Shares are not deposited with CDP), as the case may be, at their own risk. They can also be collected at the Share Registrar’s office situated at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 during the Election Period. The Entitled HMI Shareholders (other than Entitled Depository Agents) should complete, sign and return the Election Forms in accordance with the procedures set out below and the provisions and instructions printed on the Election Forms during the Election Period:

2.2.1 Entitled HMI Shareholders whose HMI Shares are not deposited with CDP. An Entitled HMI Shareholder (not being a Depositor) who wishes to accept the Securities Consideration should deliver the completed and signed Election Form: (i) by hand to Health Management International Ltd c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 or (ii) by post, using the enclosed pre-addressed envelope at your own risk to Health Management International Ltd c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; and

2.2.2 Entitled HMI Shareholders whose HMI Shares are deposited with CDP (other than Entitled Depository Agents). An Entitled HMI Shareholder (being a Depositor who is not a Depository Agent) who wishes to accept the Securities Consideration should deliver the completed and signed Election Form: (i) by hand to Health Management International Ltd c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588 or (ii) by post, using the enclosed pre-addressed envelope at your own risk to Health Management International Ltd c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

in either case so as to arrive no later than 5.00 p.m. on the Election Closing Date.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

2.3 Entitled Depository Agents. Entitled Depository Agents may make elections on behalf of each sub-account holder who holds HMI Shares via the SGX-SFG service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents (“**Electronic Election**”). Electronic Elections must be submitted no later than 5.00 p.m. on the Election Closing Date. CDP has been authorised by the Offeror to receive Electronic Elections on its behalf. Electronic Elections submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the Election Form for Depositors and this Scheme Document (including this Letter) as if the Election Form for Depositors had been completed and delivered to CDP.

By submitting their Electronic Election, each Entitled Depository Agent confirms and represents to the Offeror that in relation to each sub-account holder in respect of which such Entitled Depository Agent exercises the election:

- 2.3.1** such election has been exercised in respect of all (and not some) of the HMI Shares held by the Entitled Depository Agent for such sub-account holder; and
- 2.3.2** such sub-account holder has not elected to receive a combination of the Cash Consideration and the Securities Consideration in respect of the HMI Shares held by such Depository Agent on its behalf.

If an Entitled Depository Agent wishes to elect to receive the Securities Consideration in respect of any of its sub-account holder’s HMI Shares, such Entitled Depository Agent must, in addition to making the relevant election via the SGX-SFG service provided by CDP, complete and return the List of Sub-Account Holders Who Wish to Accept The Securities Consideration form (the “**Sub-Account Holders Form**”) which will be provided to Entitled Depository Agents by CDP electronically:

- (i) by hand to Health Management International Ltd c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; or
- (ii) by post, at its own risk to Health Management International Ltd c/o Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623,

in either case, in accordance with the instructions therein, so as to arrive no later than 5.00 p.m. on the Election Closing Date.

Entitled Depository Agents do not have to complete or return the Sub-Account Holders Form if they wish to elect to receive the Cash Consideration in respect of all of their sub-account holders’ HMI Shares.

2.4 Information Pertaining to CPFIS Investors and SRS Investors. CPFIS Investors and SRS Investors should consult their respective CPF Agent Banks and SRS Agent Banks for further information on the Scheme. If they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- 2.5 Cash Consideration.** If an Entitled HMI Shareholder (other than Entitled Depository Agents) wishes to receive the Scheme Consideration wholly in the form of the Cash Consideration in respect of all of its HMI Shares, it does not need to complete and return the Election Form.
- 2.6 Receipt.** The Election Forms and Sub-Account Holders Forms must be received by 5.00 p.m. on the Election Closing Date. No acknowledgment of receipt of any Election Form or Sub-Account Holders Form will be given by the Offeror, the Company, CDP or the Share Registrar. Each Entitled HMI Shareholder is permitted to submit only one Election Form and any subsequent submission of any Election Forms will be disregarded and deemed as invalid. Each Entitled Depository Agent is permitted to submit only one Sub-Account Holders Form and any subsequent submission of any Sub-Account Holders Forms will be disregarded and deemed as invalid.
- 2.7 Discretion.** The Offeror reserves the right to treat Election Forms and Sub-Account Holders Forms as valid if received by or on behalf of it at any place or places determined by it otherwise than as stated in the Scheme Document, the Election Form or the Sub-Account Holders Form, as the case may be, or if made otherwise than in accordance with the provisions of the Scheme Document, the Election Form or the Sub-Account Holders Form. The Company, CDP and the Share Registrar take no responsibility for any such decision made by the Offeror.
- 2.8 Disclaimer.** The Offeror, CDP and the Share Registrar will each be authorised and entitled, in its absolute discretion, to reject any Election Form or Sub-Account Holders Form which is not entirely in order or does not comply with the Scheme Document or the provisions and instructions printed on the Election Form or the Sub-Account Holders Form (as the case may be), or which is otherwise incomplete, incorrect, unsigned or invalid in any respect. The Offeror shall not be required to notify any Entitled HMI Shareholder or Entitled Depository Agent if its Election Form or Sub-Account Holder Form is not received or is not in compliance with the instructions contained in the Election Form or the Sub-Account Holder Form (as the case may be), or is otherwise incomplete or invalid in any other respect. If you wish to receive the Securities Consideration, it is your responsibility to ensure that the Election Form or the Sub-Account Holders Form (as the case may be) is properly completed in all respects, signed and all required supporting documents, where applicable, are provided. Any decision to reject any Election Form or Sub-Account Holders Form will be final and binding and none of the Offeror, the Company, CDP or the Share Registrar accepts any responsibility or liability in relation to such rejection, including the consequences thereof.
- 2.9 Correspondences.** All communications, certificates, notices, documents and remittances to be delivered or sent to you (or your designated agent or, in the case of joint Shareholders who have not designated any agent, to the one first-named in the Register of Members) will be sent by ordinary post to your respective mailing addresses as maintained with CDP or as they appear in the Register of Members, as the case may be, at the risk of the person entitled thereto. The attention of Overseas Shareholders is also drawn to paragraph 16 of the Letter to HMI Shareholders and **paragraph 10** of this Letter.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

3. SETTLEMENT AND REGISTRATION

- 3.1 Entitlements.** Entitlements to the Scheme Consideration will be determined on the basis of the Entitled HMI Shareholders and their holdings of HMI Shares appearing in the Register of Members or Securities Account (as the case may be) as at 5.00 p.m. on the Books Closure Date.

Entitled HMI Shareholders who have not already done so are requested to take the necessary action to ensure that the HMI Shares owned by them are registered in their names with the Share Registrar or credited to their Securities Account (as the case may be) by 5.00 p.m. on the Books Closure Date.

- 3.2 Implementation.** If the Court sanctions the Scheme, the Offeror and the Company will (subject to the satisfaction (or, where applicable, waiver) of all the Scheme Conditions) take the necessary steps to render the Scheme effective and binding, and the following will be implemented:

- 3.2.1** the HMI Shares held by the Entitled HMI Shareholders will be transferred to the Offeror for the Scheme Consideration to be paid by the Offeror, and the Offeror Shares will be issued and allotted pursuant to the Securities Consideration by the Offeror, as the case may be, to the Entitled HMI Shareholders for each HMI Share transferred as follows:

- (i) in the case of the Entitled HMI Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled HMI Shareholders an instrument or instruction of transfer of all the HMI Shares held by such Entitled HMI Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled HMI Shareholder; and
- (ii) in the case of the Entitled HMI Shareholders (being Depositors), the Company shall instruct CDP, for and on behalf of such Entitled HMI Shareholders, to debit, not later than three (3) Business Days after the Effective Date, all the HMI Shares standing to the credit of the Securities Account of such Entitled HMI Shareholders and credit all of such HMI Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror;

- 3.2.2** from the Effective Date, all existing share certificates relating to the HMI Shares held by the Entitled HMI Shareholders (not being Depositors) will cease to be evidence of title of the HMI Shares represented thereby;

- 3.2.3** the Entitled HMI Shareholders (not being Depositors) are required to forward their existing share certificates relating to their HMI Shares to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 as soon as possible, but not later than seven (7) Business Days after the Effective Date for cancellation; and

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

3.2.4 not later than seven (7) Business Days after the Effective Date, and against the transfer of the HMI Shares set out in **paragraph 3.2.1** of this **Schedule A** to this Letter:

(i) **Cash Consideration**

(a) the Offeror shall pay cash to the Entitled HMI Shareholders who elect to (or are deemed to have elected to) and are entitled to receive the Scheme Consideration in the form of Cash Consideration for their HMI Shares as follows:

(I) **Entitled HMI Shareholders whose HMI Shares are not deposited with CDP**

the Offeror shall pay each Entitled HMI Shareholder (not being a Depositor) by sending a cheque for the Cash Consideration payable to and made out in favour of such Entitled HMI Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such Entitled HMI Shareholder, or in the case of joint Entitled HMI Shareholders, to the first-named Entitled HMI Shareholder made out in favour of such Entitled HMI Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such joint Entitled HMI Shareholders; and

(II) **Entitled HMI Shareholders whose HMI Shares are deposited with CDP**

the Offeror shall pay each Entitled HMI Shareholder (being a Depositor) by making payment of the Cash Consideration payable to such Entitled HMI Shareholder to CDP. CDP shall:

(A) in the case of an Entitled HMI Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the Cash Consideration payable to such Entitled HMI Shareholder, to the designated bank account of such Entitled HMI Shareholder; and

(B) in the case of an Entitled HMI Shareholder (being a Depositor) who has not registered for CDP's direct crediting service, send to such Entitled HMI Shareholder, by ordinary post to his address as appearing in the Depository Register at the close of business on the Books Closure Date and at the sole risk of such Entitled HMI Shareholder, or in the case of joint Entitled HMI Shareholders, to the first-named Entitled HMI Shareholder by ordinary post to his address as appearing in the Depository Register at the close of business on the Books Closure Date, at the sole risk of such joint Entitled HMI Shareholders, a cheque for the payment of such Cash Consideration made out in favour of such Entitled HMI Shareholder,

or make payment of the Cash Consideration in any other manner as any Entitled HMI Shareholder may have agreed with CDP for the payment of any cash distributions.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Assuming that the Scheme becomes effective and binding in accordance with its terms on 20 December 2019, the crediting by CDP of the Cash Consideration into the designated bank accounts of the Entitled HMI Shareholders (in the case of Entitled HMI Shareholders (being Depositors) who have registered with CDP for its direct crediting service), the posting of cheques for the Cash Consideration or the payment of the Cash Consideration in any other manner as the relevant Entitled HMI Shareholder may have agreed with CDP (as the case may be) as set out in **paragraphs 3.2.4(i)(a)(I) and 3.2.4(i)(a)(II)(B)** of this **Schedule A** to this Letter, is expected to take place on or before 30 December 2019.

The despatch of payment by the Offeror to each Entitled HMI Shareholder's address and/or CDP (as the case may be) in accordance with the above shall discharge the Offeror from any liability in respect of those payments.

(ii) **Securities Consideration**

In respect of the cash component of the Securities Consideration (in the event that the Adjustment Mechanism applies), the procedure for settlement shall be as described above in respect of the Cash Consideration.

Subject to the Adjustment Mechanism, in respect of the Securities Consideration, the Offeror shall allot and issue new Offeror Shares, credited as fully-paid, on the basis of one new Offeror Share at the Issue Price for every one HMI Share held by such Entitled HMI Shareholder who elects and is entitled to receive the Scheme Consideration in the form of the Securities Consideration for all of its HMI Shares, and the share certificates in respect of such Offeror Shares ("**Offeror Share Certificates**") will be delivered to the relevant person/entity recorded in the Register of Members or the Depository Register as at the close of business on the Books Closure Date (or in the case of Entitled Depository Agents, any other person(s) as such Entitled Depository Agents may direct in the Sub-Account Holders Form).

(a) **Entitled HMI Shareholders whose HMI Shares are not deposited with CDP**

The Offeror shall send the Offeror Share Certificates representing the relevant number of new Offeror Shares to each Entitled HMI Shareholder (not being a Depositor) by ordinary post to his address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such Entitled HMI Shareholder, or in the case of joint Entitled HMI Shareholders, to the first-named Entitled HMI Shareholder by ordinary post to his address as appearing in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such joint Entitled HMI Shareholders, save that in all cases, no Offeror Share Certificates will be despatched in or into any overseas jurisdiction (please refer to **paragraph 10** of this Letter for more information on the arrangements for Overseas Shareholders).

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

(b) **Entitled HMI Shareholders whose HMI Shares are deposited with CDP**

The Offeror shall send the Offeror Share Certificates representing the relevant number of new Offeror Shares to each Entitled HMI Shareholder (being a Depositor) by ordinary post to his address as appearing in the Depository Register at the close of business on the Books Closure Date, (or in the case of Entitled Depository Agents, the address of any other person(s) as such Entitled Depository Agents may direct in the Sub-Account Holders Form), at the sole risk of such Entitled HMI Shareholder, or in the case of joint Entitled HMI Shareholders, to the first-named Entitled HMI Shareholder by ordinary post to his address as appearing in the Depository Register at the close of business on the Books Closure Date, at the sole risk of such joint Entitled HMI Shareholders, save that in all cases, no Offeror Share Certificates will be despatched in or into any overseas jurisdiction (please refer to **paragraph 10** of this Letter for more information on the arrangements for Overseas Shareholders).

Assuming that the Scheme becomes effective and binding in accordance with its terms on 20 December 2019, the posting of the Offeror Share Certificates representing the new Offeror Shares to be allotted and issued pursuant to the Scheme in the manner set out in **paragraphs 3.2.4(ii)(a) and 3.2.4(ii)(b)** of this **Schedule A** to this Letter, is expected to take place on or before 30 December 2019.

The despatch of the Offeror Share Certificates to each Entitled HMI Shareholder's address in accordance with the above shall discharge the Offeror from any liability in respect of the delivery of such Offeror Share Certificates.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

SCHEDULE B INFORMATION RELATING TO THE OFFEROR

1. DIRECTORS OF THE OFFEROR

The relevant information of the directors of the Offeror as at the Latest Practicable Date is set out below:

Name	Address	Designation
Chang Kuang Hsian	1 Raffles Place, #29-62 One Raffles Place Tower 2, Singapore 048616	Director
Marie Louise van Dam	Cornelis Schuystraat 74, 1071 JL Amsterdam, the Netherlands	Director
Lars Adam Ludvig Larsson	Cornelis Schuystraat 74, 1071 JL Amsterdam, the Netherlands	Director

As at the Latest Practicable Date, Chang Kuang Hsian is a partner of EQT Singapore. Each of Marie Louise van Dam and Lars Adam Ludvig Larsson is a director and board member of EQT Netherlands Management B.V..

2. PRINCIPAL ACTIVITIES

The Offeror is a special purpose vehicle incorporated in the Cayman Islands on 11 June 2019 for the purposes of the Acquisition. The registered office of the Offeror is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Offeror does not have a principal office in Singapore.

The Offeror has not carried on any business since its incorporation.

3. SHARE CAPITAL

3.1 Share Capital. As at the Latest Practicable Date:

- 3.1.1 there is only one class of shares in the capital of the Offeror, namely the Offeror Shares;
- 3.1.2 the authorised share capital of the Offeror is S\$1.00, divided into one share with no par value;
- 3.1.3 the issued share capital of the Offeror is S\$1.00, comprising one share with no par value; and
- 3.1.4 the sole shareholder of the Offeror is NewCo, which is in turn indirectly wholly-controlled by EQT GP.

The Offeror Shares will not be listed on any securities exchange when allotted and issued on the Settlement Date.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

3.2 Illustrative Resultant Shareholdings in the Offeror. For illustration purposes only, the possible shareholding structures of the Offeror immediately following settlement of the Scheme Consideration, based on two different scenarios, are set out below:

3.2.1 Scenario 1 – Assuming that only NSI, MMSB and the Other Undertaking Shareholders as set out in **Schedule D** to this Letter elect to receive the Securities Consideration, and no other Shareholders elect to receive the Securities Consideration. In such a scenario, as the number of HMI Shares that are elected for the Securities Consideration falls below the Maximum Number, the Adjustment Mechanism does not apply:

	NewCo	NSI	MMSB	Other Undertaking Shareholders
Pro Forma Shareholding Percentage in the Offeror (per cent.)	30.5	42.4	19.8	7.3

Notes: Scenario 1 also assumes the following:

- (1) a total sum of S\$105 million being drawn down from the Acquisition Debt Financing (from which any draw down fees incurred by, or amounts funded into any interest reserve accounts of, the Offeror pursuant to the terms and conditions of the Acquisition Debt Financing, shall be net off against the principal amount being drawn down therefrom);
- (2) a maximum sum of S\$4 million in the aggregate being incurred as transaction costs in connection with the Scheme and the Acquisition, and any costs incurred in relation to the financing of the foregoing (excluding any draw down fees incurred by, or amounts funded into any interest reserve accounts of, the Offeror set out in Note (1) above); and
- (3) each of the Undertaking Shareholders elects to receive the Scheme Consideration based on the number of HMI Shares set out against their respective names in **Schedule D** to this Letter.

3.2.2 Scenario 2 – Assuming that all Shareholders elect to receive the Securities Consideration, save for Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan, who will elect to receive the Cash Consideration. In such a scenario, as the number of HMI Shares that are elected for the Securities Consideration exceeds the Maximum Number, the Adjustment Mechanism shall apply:

	NewCo	NSI	MMSB	Other Undertaking Shareholders	Other Shareholders
Pro Forma Shareholding Percentage in the Offeror (per cent.)	18.6	30.0	14.0	5.2	32.2

Notes: Scenario 2 also assumes the following:

- (1) no amount being drawn down from the Acquisition Debt Financing;
- (2) a maximum sum of S\$4 million in the aggregate being incurred as transaction costs in connection with the Scheme and the Acquisition, and any costs incurred in relation to the financing of the foregoing; and
- (3) each of the Undertaking Shareholders elects to receive the Scheme Consideration based on the number of HMI Shares set out against their respective names in **Schedule D** to this Letter.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

3.3 Changes to Share Capital. Since the date of incorporation of the Offeror and ending on the Latest Practicable Date, there has been no change to the issued share capital of the Offeror, and there has not been any sale or transfers of any Offeror Shares.

3.4 Convertible Instruments. As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of Offeror Shares which carry voting rights affecting the Offeror Shares. However, as set out in **paragraph 5.2** of this **Schedule B** to this Letter, the amount drawn down from the Equity Financing (as defined below) (through the Inter-Company Loan (as defined below)) will, (i) if utilised for the payment of the Cash Consideration or (if the Adjustment Mechanism applies) the cash component of the Securities Consideration, be automatically converted and capitalised into new Offeror Shares to be issued to NewCo at the Conversion Price (as defined below) on the Settlement Date or (ii) if utilised for the payment of costs, expenses and fees payable by the Offeror in connection with the Scheme and Acquisition, be repaid in full from the Acquisition Debt Financing on the Settlement Date or converted and capitalised into new Offeror Shares to be issued to NewCo at the Conversion Price on the Settlement Date.

4. FINANCIAL INFORMATION ON THE OFFEROR

As the Offeror was newly incorporated on 11 June 2019 for the purpose of the Acquisition, no audited or unaudited financial statements of the Offeror have been prepared as at the Latest Practicable Date for inclusion in this Letter.

Save in relation to and in connection with the Acquisition and the Scheme (including financing the Acquisition and the Scheme and the costs and expenses incurred or to be incurred in connection with the Acquisition and the Scheme), there has been no known material change in the financial position of the Offeror since its incorporation.

5. INDEBTEDNESS

5.1 Acquisition Debt Financing

5.1.1 The Bridge Facility. The Offeror (as borrower) has entered into a facility agreement with Credit Suisse AG, Singapore Branch (as arranger, original lender, facility agent, security agent, and as account bank), under which the original lender has agreed to make available a Singapore dollar loan facility (the “**Bridge Facility**”) in an aggregate amount of S\$105 million, which may be utilised for the purposes of the Acquisition. A summary of the material terms of the Bridge Facility are as follows:

Term	Summary of Term
Maturity and Interest Rate	The Bridge Facility has a tenor of 12 months and an interest rate based on the three-month Singapore Swap Offer Rate plus a step up margin of 3.75 per cent. per annum to 4.30 per cent. per annum over the 12-month tenor.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Term	Summary of Term
Security	The Bridge Facility will be secured by (i) a debenture by the Offeror over all its assets (including all the HMI Shares acquired by the Offeror pursuant to the Acquisition and specified bank accounts in the name of the Offeror and maintained by the Offeror with Credit Suisse AG, Singapore Branch) and (ii) a guarantee which will be provided by the Company after the Effective Date.
Change in Control relating to the NSI Group	The Bridge Facility shall be mandatorily prepaid by the Offeror in event of, <i>inter alia</i> , (i) a reduction of the shareholding percentage in the Offeror held, directly or indirectly, individually and/or collectively, by Dr. Gan See Khem, Dr. Chin Koy Nam, Ms. Chin Wei Jia, Mr. Chin Wei Yao and Ms. Chin Wei Shan (collectively, the “ NSI Group ”) to below 25 per cent. or (ii) the NSI Group having less than two representatives on the board of directors of the Offeror.

5.1.2 The Committed Term Loan. Credit Suisse AG, Singapore Branch has also committed to the Offeror by way of a commitment letter, to make available to the Company following the Effective Date, a subsequent Singapore dollar term loan in an aggregate amount of S\$105 million (“**Committed Term Loan**”), which may be utilised for the purposes of refinancing the Bridge Facility in full. The Company and the Offeror have an option to accept the Committed Term Loan and will make a decision after the Effective Date. A summary of the material terms of the Committed Term Loan are as follows:

Term	Summary of Term
Maturity and Interest Rate	The Committed Term Loan would (if accepted by the Offeror following the Effective Date) have a tenor of five years and an interest rate based on the three-month or six-month Singapore Swap Offer Rate plus a margin in the range of 3.00 per cent. per annum to 4.00 per cent. per annum (based on leverage ratio).
Security	The Committed Term Loan will be secured by, <i>inter alia</i> , (i) a debenture by the Offeror over all its assets (including all the HMI Shares acquired by the Offeror pursuant to the Acquisition and specified bank accounts in the name of the Offeror and maintained by the Offeror with Credit Suisse AG, Singapore Branch, (ii) a debenture by the Company over all its assets (including specified bank accounts in the name of the Company and maintained by the Company with Credit Suisse AG, Singapore Branch and the shares of certain Singapore subsidiaries of the Company), (iii) a guarantee which will be provided by the Offeror, (iv) an equitable share charge over shares in certain Malaysian subsidiaries of the Company and (v) (if requested by the Company) guarantees provided by certain subsidiaries of the Offeror.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Term	Summary of Term
Change in Control relating to the NSI Group	The Committed Term Loan shall be mandatorily prepaid by the Offeror in event of, <i>inter alia</i> , (i) a reduction of the shareholding percentage in the Offeror held, directly or indirectly, individually and/or collectively, by the NSI Group to below 25 per cent. or (ii) the NSI Group having less than two representatives on the board of directors of the Offeror.
Working Capital Facility	If the Offeror decides to take up the Committed Term Loan after the Effective Date, Credit Suisse AG, Singapore Branch and/or any other term lender may (but is not committed to) provide a working capital facility in an aggregate amount of up to S\$1 million (the “WCF”) to the Company. If the WCF is provided by Credit Suisse AG, Singapore Branch or any other term lender, the Company is obliged to use best endeavours to take up the WCF. The indicative terms of the WCF are set out in the commitment letter.

5.2 Equity Financing Arrangements. EQT LP will, acting through its general partner EQT GP, make available to the Offeror, through NewCo, an amount of up to S\$157 million in cash for the purposes of the Acquisition and the Scheme (the “**Equity Financing**”) on or before the Settlement Date. NewCo will provide the sums under the Equity Financing to the Offeror via an inter-company loan (“**Inter-Company Loan**”). A summary of the material terms of the Inter-Company Loan are as follows:

Term	Summary of Term
Interest Rate	Any amount drawn down from the Equity Financing will be non-interest bearing.
Capitalisation and Repayment	Any amount drawn down from the Equity Financing will (i) if utilised for the payment of the Cash Consideration or (if the Adjustment Mechanism applies) the cash component of the Securities Consideration, be automatically converted and capitalised into new Offeror Shares (which are ordinary shares) to be issued to NewCo at a conversion price of S\$0.730 per Offeror Share (“ Conversion Price ”) on the Settlement Date, being the same as the Issue Price per Offeror Share, and (ii) if utilised for the payment of costs, expenses and fees payable by the Offeror in connection with the Scheme and Acquisition, be repaid in full from the Acquisition Debt Financing on the Settlement Date and/or converted and capitalised into new Offeror Shares to be issued to NewCo at the Conversion Price on the Settlement Date.
Draw down mechanism	Any amount drawn down from the Equity Financing will be drawn down in a prescribed manner and sequence. Based on the amount of draw down, NewCo will, immediately following the Settlement Date, have a shareholding percentage in the Offeror in the range of between 18.6 per cent. to 30.5 per cent. (both inclusive), as set out in paragraphs 3.2.1 and 3.2.2 of this Schedule B to this Letter.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- 5.3** Save as disclosed above, as at the Latest Practicable Date, the Offeror does not have any outstanding bank overdrafts or loans, or other similar indebtedness, mortgages, charges, guarantees or other material contingent liabilities.

6. MATERIAL LITIGATION

As at the Latest Practicable Date:

- 6.1** the Offeror is not engaged in any material litigation, either as plaintiff or defendant, which might materially or adversely affect the financial position of the Offeror; and
- 6.2** none of the directors of the Offeror are aware of any litigation, claims or proceedings pending or threatened against the Offeror, or of any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Offeror.

7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date and save as disclosed in the Scheme Document (including this Letter), there are no material contracts entered into between the Offeror and an interested person (within the meaning of Note 1 to Rule 23.12 of the Code), not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Offeror since its incorporation.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

SCHEDULE C THE OFFEROR ARTICLES

The proposed Offeror Articles are reproduced in full below.

THE COMPANIES LAW EXEMPTED COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

PANASIA HEALTH LIMITED

1. The name of the Company is PanAsia Health Limited.
2. The registered office of the Company shall be at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted.
4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Law.
5. Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.
6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
8. The share capital of the Company is S\$[●] divided into [●] shares with no par value.
9. The Company may exercise the power contained in the Companies Law to deregister in the Cayman Islands and be registered by way of continuation in another jurisdiction.
10. This Memorandum of Association and the Articles of Association of the Company may only be amended by Special Resolution.
11. Terms used in this Memorandum of Association shall have the meanings defined in the Articles of Association of the Company.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

We, the undersigned, are desirous of being formed into a company pursuant to this Memorandum of Association and the Companies Law, and we hereby agree to take the numbers of shares set opposite our respective names below.

Dated this [●] day of [●], 20[●]

**SIGNATURE, NAME, OCCUPATION AND
ADDRESS OF SUBSCRIBER**

**NUMBER OF SHARES
TAKEN BY SUBSCRIBER**

[●]

One (1)

[insert address]

[●]

[●]

Witness to the above signature

Address: [●]

Occupation: [●]

**ARTICLES OF ASSOCIATION
OF
PANASIA HEALTH LIMITED**

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

TABLE OF CONTENTS

INTERPRETATION

1. Definitions

SHARES

2. Power to Issue Shares
3. Redemption, Purchase, Surrender and Treasury Shares
4. Rights Attaching to Shares
5. Calls on Shares
6. Joint and Several Liability to Pay Calls
7. Forfeiture of Shares
8. Share Certificates

TRANSFER AND REGISTRATION OF SHARES

9. Register of Members
10. Registered Holder Absolute Owner
11. Transfer of Registered Shares
12. Transmission of Registered Shares
13. Listed Shares

ALTERATION OF SHARE CAPITAL

14. Power to Alter Capital
15. Variation of Rights Attaching to Shares

DIVIDENDS AND CAPITALISATION

16. Dividends
17. Power to Set Aside Profits
18. Method of Payment
19. Capitalisation

MEETINGS OF MEMBERS

20. Annual General Meetings
21. Extraordinary General Meetings
22. Requisitioned General Meetings
23. Notice
24. Giving Notice and Access
25. Postponement of General Meeting
26. Electronic Participation in Meetings
27. Quorum at General Meetings
28. Chairman to Preside
29. Voting on Resolutions
30. Vote on a Poll
31. Voting by Joint Holders of Shares
32. Instrument of Proxy
33. Representation of Corporate Member

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- 34. Adjournment of General Meeting
- 35. Written Resolutions
- 36. Directors Attendance at General Meetings

DIRECTORS AND OFFICERS

- 37. Election of Directors
- 38. Alternate Directors
- 39. Removal of Directors
- 40. Vacancy in the Office of Director
- 41. Remuneration of Directors
- 42. Directors to Manage Business
- 43. Powers of the Board of Directors
- 44. Register of Directors and Officers
- 45. Officers
- 46. Appointment of Officers
- 47. Duties of Officers
- 48. Remuneration of Officers
- 49. Conflicts of Interest
- 50. Indemnification and Exculpation of Directors and Officers

MEETINGS OF THE BOARD OF DIRECTORS

- 51. Board Meetings
- 52. Notice of Board Meetings
- 53. Electronic Participation in Meetings
- 54. Representation of Director
- 55. Quorum at Board Meetings
- 56. Board to Continue in the Event of Vacancy
- 57. Chairman to Preside
- 58. Written Resolutions
- 59. Validity of Prior Acts of the Board

CORPORATE RECORDS

- 60. Minutes
- 61. Register of Mortgages and Charges
- 62. Form and Use of Seal

ACCOUNTS

- 63. Books of Account
- 64. Financial Year End

AUDITS

- 65. Appointment of Auditors
- 66. Remuneration of Auditors
- 67. Duties of Auditor
- 68. Access to Records

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

VOLUNTARY WINDING-UP AND DISSOLUTION

69. Winding-Up

CHANGES TO CONSTITUTION

70. Changes to the Memorandum and Articles of Association

71. Discontinuance

MEMBER INFORMATION RIGHTS

72. Member Information Rights

RESERVED MATTERS

73. Reserved Matters

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

ARTICLES OF ASSOCIATION

OF

PANASIA HEALTH LIMITED

Table A

The regulations in Table A in the First Schedule to the Law (as defined below) do not apply to the Company.

INTERPRETATION

1. Definitions

- 1.1 In these Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

Acquisition Debt	in relation to the Company, any borrowings incurred in connection with its acquisition of all the issued and paid-up share capital of the Target, including any accrued interests, penalties and fees or expenses relating thereto, other than the intercompany loan provided by NewCo to the Company in connection with said acquisition;
Acquisition Debt Financing	the Acquisition Debt and any debt facilities to be obtained for the purposes of refinancing the Acquisition Debt;
Affiliates	save as otherwise expressly provided in Article 42.2: (i) with respect to any person that is a corporation, another corporation or individual that, directly or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with the first-mentioned corporation;

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (ii) with respect to any person that is a corporation, and either (a) the shareholders of the first-mentioned corporation comprise individuals who are Immediate Family Members of one another (the “**Relevant Family Members**”) or (b) the majority shareholder of the first-mentioned corporation is an individual (as the case may be):
 - (I) another corporation which, directly or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with (A) the first-mentioned corporation, (B) one or more Relevant Family Members and/or (C) the said majority shareholder and/or his Immediate Family Members (as the case may be); or
 - (II) any trust which (A) the first-mentioned corporation (B) one or more Relevant Family Members and/or (C) the said majority shareholder and/or his Immediate Family Members (as the case may be), has a majority beneficial interest in or otherwise Controls (and, for the purpose of this definition, a trust is deemed to be Controlled by the first-mentioned corporation, or one or more Relevant Family Members or the said majority shareholder and/or his Immediate Family Members (as the case may be), if it/his/their wishes shall generally be adhered to by the relevant trustee (or replacement trustee);
- (iii) with respect to any person that is an individual, any of his Associates; and
- (iv) with respect to any person, any other person as may be approved by the Board and each of the Major Shareholders in writing,

and in relation to NewCo, shall include any corporation or fund wholly-owned (directly or indirectly), advised or managed by the Investor or EQT Partners Singapore Pte. Ltd., and the Affiliates of such corporations or funds, in each case, from time to time;

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Alternate Director	an alternate director appointed in accordance with these Articles;
Applicable Relevant Opportunity Price or Price Range	has the meaning ascribed to it in Article 42.2(f)(ii);
Appointed Valuer	has the meaning ascribed to it in Article 11.12(b)(i)(I);
Appointed Valuer's Certificate	has the meaning ascribed to it in Article 11.12(b)(ii);
Approved Expansion Opportunity	has the meaning ascribed to it in Article 11.14(b);
Approved Transfer	any Transfer (of all or some of the Shares) (i) approved in writing by all the Major Shareholders at the relevant time; or (ii) by NewCo of all or some of its Shares pursuant to the deed of additional undertakings dated 5 July 2019 between Newco, NSIPL and the Company or any similar deed of undertaking as may be entered into between NewCo and any subsequent transferee of NSIPL's Shares in replacement thereof (in each case, as each of such deeds may be amended from time to time);
Articles	these Articles of Association as altered from time to time;
Associates	with respect to any individual: (i) his Immediate Family Members; (ii) any corporation or trust which such individual or any of the Immediate Family Members of such individual (as the case may be), individually or in the aggregate, has a majority beneficial interest in or otherwise Controls (and, for the purpose of this definition, a trust is deemed to be Controlled by one or more persons if his or their wishes shall generally be adhered to by the relevant trustee (or replacement trustee); and (iii) any other person as may be approved by the Board and each of the Major Shareholders in writing;

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Auditor	the person or firm for the time being appointed as Auditor of the Company and shall include an individual or partnership;
Board	the board of directors (including, for the avoidance of doubt, a sole director) appointed or elected pursuant to these Articles and acting at a meeting of directors at which there is a quorum or by written resolution in accordance with these Articles;
Buyer	has the meaning ascribed to it in Article 11.6(a)(ii);
Cash	in relation to a company, the aggregate amount of any cash on hand, recorded in the general ledger, on deposit or credited to an account with a bank or other financial institution and cash equivalents to which such company is beneficially entitled (including all interest accrued thereon), expressed in Singapore Dollars (based on the Relevant FX Rate, if applicable);
Chairman	Chairman of the Board;
Change in Control	<p>with respect to any Member, means:</p> <ul style="list-style-type: none">(i) any person who is not in Control of such Member as at the date such Member first became registered in the Register of Members as the holder of Share(s) ("Membership Date"), acquiring Control of such Member through one or a series of related transactions;(ii) any person (that is a corporation) who is in Control of such Member as at the Membership Date, ceasing to Control such Member through one or a series of related transactions;(iii) any Member Shareholder who is in Control of such Member as at the Membership Date, ceasing to Control such Member through one or a series of related transactions; or(iv) all or any of the Member Shareholders who are collectively in Control of such Member as at the Membership Date, ceasing to Control such Member through one or a series of related transactions,

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

provided that:

- (a) in relation to paragraphs (iii) and (iv) of this definition above, no Member Shareholder shall be regarded as having ceased to Control the voting rights attaching to any share in the Member in question (the “**Relevant Trust Share(s)**”) that are Controlled directly or indirectly by a person who is a trustee of a trust which such Member Shareholder has a beneficial interest in and the remaining beneficial interest (if any) in such trust is held by any one or more of his Immediate Family Members, for so long as the Relevant Trust Share(s) are held by such trustee (or a replacement trustee) in its capacity as trustee of that trust. If such condition is not satisfied, such Member Shareholder shall be deemed to have ceased to Control the voting rights attached to the Relevant Trust Share(s); and
- (b) in relation to paragraph (iv) of this definition above, no Change in Control shall be deemed to have occurred unless all the Member Shareholders who are collectively in Control of such Member as at the Membership Date ceases to Control such Member through one or a series of related transactions;

Change in Control Consideration	the aggregate purchase or subscription price paid or payable by or on behalf of the new Controlling shareholder(s) of the Change in Control Shareholder pursuant to a Change in Control Transaction;
Change in Control Consideration Value	means an amount equal to the Change in Control Consideration divided by the effective shareholding percentage of the Change in Control Shareholder (expressed as a fraction) acquired by the new Controlling shareholder(s) in the Change in Control Shareholder pursuant to a Change in Control Transaction;
Change in Control Cut-Off Date	has the meaning ascribed to it in Article 11.12(a)(iv)(B);
Change in Control Notice	has the meaning ascribed to it in Article 11.12(a)(i)(A);
Change in Control Shareholder	a Member who suffers or permits a Change in Control;

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Change in Control Transaction	has the meaning ascribed to it in Article 11.12(a)(i);
Company	the company for which these Articles are approved and confirmed;
Control	save as otherwise expressly agreed in these Articles, with respect to a corporation, the right to exercise, directly or indirectly, more than 50 per cent. of the voting rights attributable to the shares of the controlled corporation and, with respect to any person other than a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, and for the purpose of this definition, a trust is Controlled by one or more persons or a corporation (or the majority shareholder of such corporation, as the case may be) if his/their/its wishes shall generally be adhered to by the relevant trustee (or replacement trustee);
Controlling Transferring Shareholder	the Single Largest Shareholder at the relevant time, excluding NewCo;
Debt	<p>in relation to a company, all outstanding indebtedness owed by such company to any third party, expressed in Singapore Dollars (based on the Relevant FX Rate, if applicable), specifically including:</p> <ul style="list-style-type: none">(i) outstanding indebtedness (including short-term and long-term indebtedness) for borrowed money (including principal amount, accrued but unpaid interest, penalties, premium and any fees or expenses relating to such borrowed money and its early repayment) with respect to any third party; and(ii) obligations related to the financing of fixed assets (including capital leases but, for the avoidance of doubt, excluding operating leases);
Deemed ROFR Shareholding Percentage	has the meaning ascribed to it in Article 11.12(a)(iii);
Default Notice	has the meaning ascribed to it in Article 11.12(a)(ii);
Determination Notice	has the meaning ascribed to it in Article 11.7(b)(i)(A);

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Director	a director, including a sole director, for the time being of the Company and shall include an Alternate Director;
Drag-Along Notice	has the meaning ascribed to it in Article 11.11(a);
Drag-Along Purchaser	has the meaning ascribed to it in Article 11.11(a);
Dragged-Along Shareholders	has the meaning ascribed to it in Article 11.11(a);
EBITDA	earnings before interest, tax, depreciation and amortisation, and excluding extraordinary and one-off items;
Effective Date	<i>[insert effective date of Scheme];</i>
Effective Shareholding	in relation to a company, the total number of shares in the capital of such company that are held (whether directly or indirectly) by the Group expressed as a fraction of the total number of issued shares in the capital of such company as at the Reference Date, assuming that all securities which are convertible into, exchangeable for or redeemable for shares in the capital of such company have been fully converted, redeemed or exchanged (as the case may be);
electronic	has the meaning ascribed to it in the Electronic Transactions Law (2003 Revision);
electronic communication	electronic transmission to any number, address or internet website or other electronic delivery methods as otherwise decided by the Board;
Electronic Signature	has the meaning ascribed to it in the Electronic Transactions Law (2003 Revision);
Encumbrances	<p>(i) any charge, claim, hypothecation, lien, mortgage, power of sale, retention of title or security interest of any kind over and in respect of such asset; and</p> <p>(ii) any right of pre-emption, first offer, first refusal, tag-along or drag-along of any kind to which any such asset is subject or any right or option for the sale or purchase of any such asset;</p> <p>and “Encumber” shall be construed accordingly;</p>
Equity Line	has the meaning ascribed to it in Article 11.14(a);

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Formula Issue Price	has the meaning ascribed to it in Article 11.14(c)(ii);
Group	the Group Companies, taken as a whole;
Group Companies	the Company and its subsidiaries and “ Group Company ” means any one of them;
Interested Director	has the meaning ascribed to it in Article 49.2;
Immediate Family Member	in relation to any person, the person’s spouse, child, adopted child, step-child, sibling or parent;
Indemnified Party	has the meaning ascribed to it in Article 50.1;
Initial Issue Price	has the meaning ascribed to it in Article 11.14(c)(i);
Initial Relevant Opportunity Resolutions	has the meaning ascribed to it in Article 42.2(f)(i);
Investor	EQT Mid Market Asia III GP B.V., acting in its capacity as general partner of EQT Mid Market Asia III Limited Partnership;
IPO	an initial public offering of the Shares in conjunction with a listing of Shares on a stock exchange;
Law	the Companies Law of the Cayman Islands;
Major Shareholder	any Member holding at least twelve per cent. (12%) of the Shares at the relevant time;
Management Incentive Plan	any management equity incentive plan as may be established by the Company from time to time;
Member or Shareholder	a person registered in the Register of Members as the holder of Shares and, when two or more persons are so registered as joint holders of Shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
Member Shareholder	a shareholder of a Member who is an individual person;
Membership Date	has the meaning ascribed to it in the definition of “Change in Control” in this Article 1.1;
Minority Investments	the companies in which the Company holds any shares (whether directly or indirectly), other than the subsidiaries of the Group;
month	calendar month;

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Moratorium Period	the period of 24 months commencing from the Effective Date;
Net Debt	Debt minus Cash;
NewCo	PanAsia Health Management B.V., a company incorporated in the Netherlands;
NewCo Controlling Shares	shall be computed as follows:

$$A = \frac{B - (C - X)}{[C \div (C + D)] + 1} + E$$

Where:

“**A**” = the number of NewCo Controlling Shares, rounded up to the nearest whole number (where applicable), provided that if “**A**” is a negative number, “**A**” shall be deemed to be 0;

“**B**” = the total number of ROFO Shares being transferred pursuant to the Right to Match Notice;

“**C**” = the total number of Shares held by the second largest shareholder of the Company (not being NewCo) as at the date of the Right to Match Notice;

“**D**” = the total number of Shares held by all the Major Shareholders (other than NewCo and the second largest shareholder of the Company) who issue a Right to Match Acceptance Notice;

“**E**” = 1; and

“**X**” = the number of Shares (if any) held by the Right to Match Buyer as at the date of the Right to Match Notice;

NewCo Controlling Shares Completion Date	has the meaning ascribed to it in Article 11.7(j)(i)(A);
NewCo Remaining Shares	the number of remaining Shares held by NewCo as at the date of the Right to Match Notice, after excluding the NewCo Controlling Shares;
Non-Defaulting Major Shareholders	has the meaning ascribed to it in Article 11.12(a)(i);
Non-Wholly-Owned Subsidiaries	subsidiaries of the Company, the shares in the capital of which are not 100 per cent. held by the Company (whether directly or indirectly);

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

notice	written notice as further provided in these Articles unless otherwise specifically stated;
NSIPL	Nam See Investment (Pte) Ltd., a company incorporated in Singapore;
Offering Major Shareholder	has the meaning ascribed to it in Article 42.2(a);
Offering Major Shareholder Director(s)	has the meaning ascribed to it in Article 42.2(f)(i);
Officer	any person appointed by the Board to hold an office in the Company;
ordinary resolution	<p>(i) a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by a simple majority of the votes cast; or</p> <p>(ii) subject to the Law and these Articles, a written resolution passed by a simple majority of the votes cast by all Members entitled to vote, provided that such majority shall include the affirmative votes of all the Major Shareholders at the relevant time,</p> <p>in each case, on the basis that each Share carries one vote;</p>
paid-up	paid-up or credited as paid-up;
Permitted Transfer	has the meaning ascribed to it in Article 11.5(a)(i);
Plus Med	collectively, (i) Plus Medical Holdings Pte. Ltd. and each of its subsidiaries from time to time; (ii) Plus Clinics Pte. Ltd. and each of its subsidiaries from time to time; and (iii) such other company(ies) which, from time to time, holds all or substantially all of the business and/or undertakings of the OneCare chain of clinics;
Pre-Emption Rights	has the meaning ascribed to it in Article 11.13(b);
Prescribed Price	has the meaning ascribed to it in Article 11.12(b)(ii);
Put Option Completion	has the meaning ascribed to it in Article 11.12(a)(vi);
Put Option Notice	has the meaning ascribed to it in Article 11.12(a)(vi);

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Put Option Shares	has the meaning ascribed to it in Article 11.12(a)(vi);
Qualifying Shareholder	any Member holding at least one per cent. of the Shares at the relevant time;
Reference Date	in relation to each capitalisation by the Company of any amounts drawn-down on the Equity Line by way of the allotment and issuance of new Shares to NewCo, the last day of the calendar month immediately preceding the date of such allotment and issuance;
Referral Notice	has the meaning ascribed to it in Article 42.2(a);
Referral Response Notice	has the meaning ascribed to it in Article 42.2(c);
Register of Directors and Officers	the register of directors and officers referred to in these Articles;
Register of Members	the register of members maintained by the Company in accordance with the Law;
Relevant FX Rate	<p>in relation to a currency other than the Singapore Dollar:</p> <p>(i) (in relation to Cash and Debt) the exchange rate applicable for the conversion of such currency to Singapore Dollars based on the rate of exchange published on the website of the Monetary Authority of Singapore on the Reference Date; and</p> <p>(ii) (in relation to the 12M EBITDA) the average of the exchange rates applicable for the conversion of such currency to Singapore Dollars in respect of each month of the 12M Period, based on the rate of exchange published on the website of the Monetary Authority of Singapore on the last day of each such month;</p>
Relevant Opportunities	has the meaning ascribed to it in Article 42.2(a);
Relevant Opportunity Accounts Date	the date of the latest unaudited or audited (whichever is the latest available) financial statements for such Relevant Opportunity that is released or otherwise made available (whether monthly or otherwise);
Relevant Opportunity Price or Price Range	has the meaning ascribed to it in Article 42.2(b)(i)(C);

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Relevant Opportunity Revised Price or Price Range	has the meaning ascribed to it in Article 42.2(d);
Relevant Opportunity 12M Accounts	in respect of a Relevant Opportunity, the unaudited or audited (whichever is the latest available) financial statements for such Relevant Opportunity for the Relevant Opportunity 12M Period;
Relevant Opportunity 12M Period	in respect of a Relevant Opportunity: <ul style="list-style-type: none"> (i) if available, the most recent 12-month period (ending on the last day of a calendar month) immediately preceding the date of the Referral Notice; or (ii) failing which, the most recent 12-month period ending on the Relevant Opportunity Accounts Date;
Relevant Scope	has the meaning ascribed to it in Article 42.2(a);
Relevant Territories	has the meaning ascribed to it in Article 42.2(a);
Relevant Trust Share(s)	has the meaning ascribed to it in the definition of “Change in Control” in this Article 1.1;
Reserved Matters	has the meaning ascribed to it in Article 73;
Revised Price Notice	has the meaning ascribed to it in Article 42.2(d);
Right to Match Acceptance Notice	has the meaning ascribed to it in Article 11.7(j)(i)(A);
Right to Match Buyer	has the meaning ascribed to it in Article 11.7(j)(i)(A);
Right to Match Cut-off Date	has the meaning ascribed to it in Article 11.7(j)(i)(B);
Right to Match Notice	has the meaning ascribed to it in Article 11.7(j)(i)(A);
Right to Match Terms	has the meaning ascribed to it in Article 11.7(j)(i)(A)(III);
Right to Match Transferees	has the meaning ascribed to it in Article 11.7(j)(i)(A);
ROFO Buyer	has the meaning ascribed to it in Article 11.7(h)(i);
ROFO Completion Date	has the meaning ascribed to it in Article 11.7(d);

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

ROFO Notice	has the meaning ascribed to it in Article 11.7(a);
ROFO Offer	has the meaning ascribed to it in Article 11.7(a)(i);
ROFO Period	has the meaning ascribed to it in Article 11.7(a);
ROFO Response Notice	has the meaning ascribed to it in Article 11.7(b)(i)(B);
ROFO Shares	has the meaning ascribed to it in Article 11.7(a);
ROFO Terms	has the meaning ascribed to it in Article 11.7(a)(ii);
ROFO Transferees	has the meaning ascribed to it in Article 11.7(a);
ROFR Acceptance Notice	has the meaning ascribed to it in Article 11.6(a);
ROFR Cut-off Date	has the meaning ascribed to it in Article 11.6(b);
ROFR Notice	has the meaning ascribed to it in Article 11.6(a);
ROFR Shares	has the meaning ascribed to it in Article 11.6(a)(i);
ROFR Terms	has the meaning ascribed to it in Article 11.6(a)(iii);
ROFR Transferees	has the meaning ascribed to it in Article 11.6(a);
Scheme	the scheme of arrangement in accordance with Section 210 of the Companies Act, Chapter 50 of Singapore and the Singapore Code on Take-overs and Mergers, through which the Company acquired all the Target Shares;
Seal	the common seal or any official or duplicate seal of the Company;
Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
Securities	Shares and securities convertible into Shares;
Senior Management	(i) in respect of the Target Group, the Executive Chairperson, the Chief Executive Officer, the Chief Investment Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Development Officer and the Financial Controller (or their respective equivalent positions), in each case, for the Target Group, from time to time; and

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

	(ii) in respect of each Group Company which revenue or net asset value is equivalent to five per cent. or more of the Group's total consolidated revenue or consolidated net asset value (based on the latest available audited consolidated financial statements of the Group and the audited financial statements of the Group Companies), from time to time, the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Financial Controller (or their respective equivalent positions) of such Group Company;
Settlement Date	<i>[Insert date falling 7 Business Days from the Effective Date];</i>
Share or share	a share in the share capital of the Company;
Shareholding Percentage	in relation to any Member and at any time, means the total number of issued Shares registered in the name of that Member in the Register of Members at that time expressed as a percentage of all the issued Shares as at that time;
signed	includes a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication;
Single Largest Shareholder	the Shareholder with the highest Shareholding Percentage, at the relevant time
Special Resolution	<p>(i) a resolution passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or by proxy at a general meeting of which notice specifying the intention to propose a resolution as a special resolution has been duly given (and for the avoidance of doubt, unanimity qualifies as a majority), on the basis that each Share carries one vote; or</p> <p>(ii) a written resolution passed by all of the Members entitled to vote,</p> <p>provided that for the purposes of paragraph 10 of the Memorandum of Association and Article 70, in addition to (i) or (ii) (as the case may be), a Special Resolution shall require the prior written consents of all the Major Shareholders at the relevant time;</p>

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

Specified Period	one month (in relation to any ROFO Notice issued on or prior to the expiry of 42 months from the Effective Date) or two months (in relation to any ROFO Notice issued after the expiry of 42 months from the Effective Date);
StarMed	collectively, (i) StarMed @ Farrer Square Pte. Ltd.; (ii) StarMed Specialist Centre Pte. Ltd.; and (iii) such other company(ies) which, from time to time, holds all or substantially all of the business and/or undertakings of StarMed Specialist Centre;
Step-Down Date	has the meaning ascribed to it in Article 11.14(a)(i);
Subsequent Relevant Opportunity Resolution(s)	has the meaning ascribed to it in Article 42.2(f)(iii);
S\$ or Singapore Dollars	the lawful currency of Singapore;
Tag Acceptance Notice	has the meaning ascribed to it in Article 11.10(c);
Tag Acceptance Period	has the meaning ascribed to it in Article 11.10(c);
Tag-Along Notice	has the meaning ascribed to it in Article 11.10(a);
Tag-Along Offer	has the meaning ascribed to it in Article 11.10(b);
Tag-Along Purchaser	has the meaning ascribed to it in Article 11.10(a);
Tag-Along Seller	has the meaning ascribed to it in Article 11.10(a);
Tag-Along Shares	has the meaning ascribed to it in Article 11.10(b)(ii);
Tag Participating Shareholder	has the meaning ascribed to it in Article 11.10(d);
Tag Participating Shareholders Shares	has the meaning ascribed to it in Article 11.10(d);
Target	Health Management International Ltd;
Target Group	the Target and its subsidiaries;
Third Party Purchaser Restriction	has the meaning ascribed to it in Article 11.5(b);
Target Shares	the issued and paid-up shares in the capital of the Target;
Transfer	in relation to any Securities, directly or indirectly, to: <ul style="list-style-type: none"> (i) sell, assign, dispose of, transfer, give or lend any such Securities;

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

	(ii) grant, issue or sell any option, right or warrant to purchase any such Securities;
	(iii) enter into any transaction relating to any such Securities having a similar effect as any of the foregoing; or
	(iv) agree to enter into any of the foregoing;
	and “Transferred” and “Transferring” shall be construed accordingly;
Transferring Shareholder	has the meaning ascribed to it in Article 11.6(a);
written resolution	a resolution passed in accordance with Article 35 or 58;
year	calendar year;
12M Accounts	the unaudited or audited (whichever is the latest available) financial statements of the relevant company(ies) in respect of the 12M Period;
12M EBITDA	<p>in relation to any company(ies), the EBITDA of the relevant company(ies), as reflected in or computed from the 12M Accounts in respect of such company(ies) in Singapore Dollars (based on the Relevant FX Rate, if applicable), save that in relation to the Group, StarMed and/or Plus Med:</p> <p>(i) where the 12M EBITDA of StarMed or Plus Med (in each case, on a consolidated basis) is a negative value, such 12M EBITDA of StarMed or Plus Med (as the case may be) shall be deemed to be zero; and</p> <p>(ii) where any part of the 12M EBITDA of the Group consolidates the financial statements of StarMed or Plus Med (in each case, on a consolidated basis) (as the case may be), and such 12M EBITDA of StarMed or Plus Med (as the case may be) is a negative value, such 12M EBITDA of StarMed or Plus Med (as the case may be) shall be deemed to be zero, and the 12M EBITDA of the Group shall be re-calculated accordingly.</p> <p>For the avoidance of doubt, in either case, where the 12M EBITDA of StarMed or Plus Med (in each case, on a consolidated basis) (as the case may be) is a positive value, it shall be taken as such value; and</p>
12M Period	the 12-month period ending on the Reference Date.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- 1.2 In these Articles, where not inconsistent with the context:
- (a) words denoting the plural number include the singular number and vice versa;
 - (b) words denoting the masculine gender include the feminine and neuter genders;
 - (c) references to:
 - (i) a person includes any individual, company, corporation, general partnership, limited partnership, trust or other entity, organisation or unincorporated association, wherever constituted or located and whether or not having separate legal personality;
 - (ii) a company or corporation (as the case may be) shall include any company, corporation or any body corporate, wherever incorporated, whether or not a company within the meaning of the Law.
 - (d) the words:–
 - (i) “may” shall be construed as permissive; and
 - (ii) “must” and “shall” shall be construed as imperative;
 - (e) a reference to statutory provision shall be deemed to include any amendment or re-enactment thereof;
 - (f) the word “subsidiary” shall have the same meaning in these Articles as its definition in the Companies Act, Chapter 50 of Singapore;
 - (g) any requirements on the manner of execution or signature under these Articles (including the manner of execution of these Articles themselves and, for the avoidance of doubt, any resolutions or consents in writing made pursuant to these Articles) may be satisfied in the form of an Electronic Signature; and
 - (h) unless otherwise provided herein, words or expressions defined in the Law shall bear the same meaning in these Articles.
- 1.3 In these Articles expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.
- 1.4 Headings used in these Articles are for convenience only and are not to be used or relied upon in the construction hereof.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

SHARES

2. Power to Issue Shares

- 2.1 Subject to these Articles (including Articles 11.13, 11.14 and 73) and to any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise, provided that no share shall be issued at a discount except in accordance with the Law.

3. Redemption, Purchase, Surrender and Treasury Shares

- 3.1 Subject to the Law and Article 73, the Company is authorised to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member and may make payments in respect of such redemption in accordance with the Law.
- 3.2 Subject to Article 73, the Company is authorised to purchase any share in the Company (including a redeemable share) by agreement with the holder and may make payments in respect of such purchase in accordance with the Law.
- 3.3 Subject to Article 73, the Company authorises the Board to determine the manner or any of the terms of any redemption or purchase.
- 3.4 A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Board may determine.
- 3.5 Subject to Article 73, the Company authorises the Board pursuant to section 37(5) of the Law to make a payment in respect of the redemption or purchase of its own shares otherwise than out of its profits or the proceeds of a fresh issue of shares.
- 3.6 No share may be redeemed or purchased unless it is fully paid-up.
- 3.7 The Company may accept the surrender for no consideration of any fully paid share (including a redeemable share) unless, as a result of the surrender, there would no longer be any issued shares of the company other than shares held as treasury shares.
- 3.8 The Company is authorised to hold treasury shares in accordance with the Law.
- 3.9 The Board may designate as treasury shares any of its shares that it purchases or redeems, or any shares surrendered to it, in accordance with the Law.
- 3.10 Shares held by the Company as treasury shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred in accordance with the Law.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

4. Rights Attaching to Shares

Subject to Article 2.1, the Memorandum of Association and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the share capital of the Company shall be divided into shares of a single class the holders of which shall, subject to these Articles:

- (a) be entitled to one vote per share;
- (b) be entitled to such dividends as the Board may from time to time declare;
- (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- (d) generally be entitled to enjoy all of the rights attaching to shares.

5. Calls on Shares

- 5.1 The Board may make such calls as it thinks fit upon the Members in respect of any monies (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Members and, if a call is not paid on or before the day appointed for payment thereof, the Member may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.
- 5.2 The Company may accept from any Member the whole or a part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up.
- 5.3 The terms of any issue of shares may include different provisions with respect to different Members in the amounts and times of payments of calls on their shares.

6. Joint and Several Liability to Pay Calls

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

7. Forfeiture of Shares

- 7.1 If any Member fails to pay, on the day appointed for payment thereof, any call in respect of any share allotted to or held by such Member, the Board may, at any time thereafter during such time as the call remains unpaid, direct the Secretary to forward such Member a notice in writing in the form, or as near thereto as circumstances admit, of the following:

Notice of Liability to Forfeiture for Non-Payment of Call
PanAsia Health Limited (the “Company”)

You have failed to pay the call of [amount of call] made on [date], in respect of the [number] share(s) [number in figures] standing in your name in the Register of Members of the Company, on [date], the day appointed for payment of such call. You are hereby notified that unless you pay such call together with interest thereon at the rate of [●] per annum computed from the said [date] at the registered office of the Company the share(s) will be liable to be forfeited.

Dated this [date]

[Signature of Secretary] By Order of the Board

- 7.2 If the requirements of such notice are not complied with, any such share may at any time thereafter before the payment of such call and the interest due in respect thereof be forfeited by a resolution of the Board to that effect, and such share shall thereupon become the property of the Company and may be disposed of as the Board shall determine. Without limiting the generality of the foregoing, the disposal may take place by sale, repurchase, redemption or any other method of disposal permitted by and consistent with these Articles and the Law.
- 7.3 A Member whose share or shares have been so forfeited shall, notwithstanding such forfeiture, be liable to pay to the Company all calls owing on such share or shares at the time of the forfeiture, together with all interest due thereon and any costs and expenses incurred by the Company in connection therewith.
- 7.4 The Board may accept the surrender of any shares which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

8. Share Certificates

- 8.1 Every Member shall be entitled to a certificate under the common seal (if any) or a facsimile thereof of the Company or bearing the signature (or a facsimile thereof) of a Director or the Secretary or a person expressly authorised to sign specifying the number and, where appropriate, the class of shares held by such Member and whether the same are fully paid up and, if not, specifying the amount paid on such shares. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means.
- 8.2 If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.
- 8.3 Share certificates may not be issued in bearer form.

TRANSFER AND REGISTRATION OF SHARES

9. Register of Members

- 9.1 The Board shall cause to be kept in one or more books a Register of Members which may be kept in or outside the Cayman Islands at such place as the Board shall appoint and shall enter therein the following particulars:–
- (a) the name and address of each Member, the number, and (where appropriate) the class of shares held by such Member and the amount paid or agreed to be considered as paid on such shares;
 - (b) the date on which each person was entered in the Register of Members; and
 - (c) the date on which any person ceased to be a Member.
- 9.2 The Board may cause to be kept in any country or territory one or more branch registers of such category or categories of members as the Board may determine from time to time and any branch register shall be deemed to be part of the Company's Register of Members.
- 9.3 Any register maintained by the Company in respect of listed shares may be kept by recording the particulars set out in Article 9.1 in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the relevant approved stock exchange.

10. Registered Holder Absolute Owner

- 10.1 The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- 10.2 No person shall be entitled to recognition by the Company as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way to recognise, (even when having notice thereof) any equitable, contingent, future, fractional or partial interest in any share, or any other right in respect of any share except an absolute right to the entirety of the share in the holder. If, notwithstanding this Article, notice of any trust is at the holder’s request entered in the Register of Members or on a share certificate in respect of a share, then, except as aforesaid:
- (a) such notice shall be deemed to be solely for the holder’s convenience;
 - (b) the Company shall not be required in any way to recognise any beneficiary, or the beneficiary, of the trust as having an interest in the share or shares concerned;
 - (c) the Company shall not be concerned with the trust in any way, as to the identity or powers of the trustees, the validity, purposes or terms of the trust, the question of whether anything done in relation to the shares may amount to a breach of trust or otherwise; and
 - (d) the holder shall keep the Company fully indemnified against any liability or expense which may be incurred or suffered as a direct or indirect consequence of the Company entering notice of the trust in the Register of Members or on a share certificate and continuing to recognise the holder as having an absolute right to the entirety of the share or shares concerned.

11. Transfer of Registered Shares

- 11.1 An instrument of transfer shall be in writing in the form of the following, or as near thereto as circumstances admit, or in such other form as the Board may accept:

Transfer of a Share or Shares
PanAsia Health Limited (the “Company”)

FOR VALUE RECEIVED [amount], I, [name of transferor] hereby sell, assign and transfer unto [transferee] of [address], [number] shares of the Company.

DATED this [date]

Signed by:

In the presence of:

Transferor

Witness

Transferee

Witness

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- 11.2 Such instrument of transfer shall be signed by (or in the case of a party that is a corporation, on behalf of) the transferor and transferee. The transferor shall be deemed to remain the holder of such share until the same has been transferred to the transferee in the Register of Members.
- 11.3 The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require showing the right of the transferor to make the transfer.
- 11.4 The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.

11.5 **Moratorium and Transfer of Shares**

(a) *During the Moratorium Period*

Save for any Encumbrances arising out of or in connection with the Acquisition Debt Financing (if any), none of the Members may Transfer or otherwise Encumber any Shares or interests therein held by it during the Moratorium Period, without the prior written consent of each of the Major Shareholders, other than:

- (i) any Transfer by a Member of all (and not some only) of the Shares held by it to an Affiliate ("**Permitted Transfer**");
- (ii) any Transfer pursuant to a Change in Control in accordance with Article 11.12; or
- (iii) any Approved Transfer.

(b) *After the expiry of the Moratorium Period*

After the expiry of the Moratorium Period, save for any Encumbrances arising out of or in connection with the Acquisition Debt Financing (if any), none of the Members may Transfer or otherwise Encumber any Shares or interests therein held by it, without the prior written consent of each of the Major Shareholders, other than:

- (i) any Transfer pursuant to an IPO;
- (ii) any Permitted Transfer;
- (iii) in relation to all Members (other than NewCo), any Transfer of all (and not some only) of the Shares held by it to another Member or a third party purchaser in cash, subject to compliance with the provisions of Articles 11.6, 11.10 and 11.11 (as applicable);

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (iv) in relation to NewCo, a Transfer of all (and not some only) of the Shares held by it (save as otherwise expressly permitted herein) to another Member and/or a third party purchaser in cash, subject to compliance with the provisions of Articles 11.7, 11.10 and 11.11 (as applicable);
- (v) a Transfer pursuant to a Change in Control in accordance with Article 11.12; or
- (vi) an Approved Transfer.

Without prejudice to the foregoing, and notwithstanding any provision to the contrary, no Member shall Transfer any Shares (whether during or after the expiry of the Moratorium Period) to any competitors to be identified by the Board, without the prior written consent of all Major Shareholders, such consent not to be unreasonably withheld or delayed (the “**Third Party Purchaser Restriction**”). Such competitors shall not exceed seven (7) at any one time and shall be identified by the Board (with the prior written approval of all the Major Shareholders) at least one month prior to the expiry of the Moratorium Period, and notified to any Member seeking to Transfer its Shares at the relevant time. Such list of identified competitors may be updated from time to time by the Board with the prior written approval of all the Major Shareholders.

11.6 ROFR Provisions applicable to the Members (other than NewCo):

- (a) After the expiry of the Moratorium Period, except for a Permitted Transfer, an Approved Transfer, a Transfer pursuant to an IPO, or a Transfer pursuant to a Change in Control in accordance with Article 11.12, if any Member (save for NewCo) (the “**Transferring Shareholder**”) is desirous of Transferring any Shares held by it to a third party purchaser (including any other Member), it shall give written notice (the “**ROFR Notice**”) of the same to all of the Major Shareholders (other than the Transferring Shareholder, if applicable) (the “**ROFR Transferees**”), which notice shall be accompanied by an offer from the third party purchaser and shall specify:
 - (i) the Transferring Shareholder’s intention to Transfer all (and not some only) of the Shares held by it and the number of Shares so held (“**ROFR Shares**”);
 - (ii) the identity of the third party purchaser (the “**Buyer**”); and
 - (iii) the price (which shall be in cash) and other terms and conditions of the transaction (the “**ROFR Terms**”),

whereupon the ROFR Transferees shall have the right but not the obligation to, within two months from the date of the ROFR Notice, apply to purchase all (and not less than all) of the ROFR Shares in cash on the ROFR Terms by notice in writing to the Transferring Shareholder (the “**ROFR Acceptance Notice**”). If more than one ROFR Transferee issues a ROFR Acceptance Notice, the ROFR Shares shall be apportioned among the relevant ROFR Transferees on a basis which is *pro rata* their relative Shareholding Percentage *inter se* (relative to each other) in the manner set out in Article 11.8. Completion of the sale and purchase of the ROFR Shares to the ROFR Transferee(s) shall take place on the first Business Day falling 35 days immediately after the ROFR Cut-off Date.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (b) If none of the ROFR Transferees have applied to purchase the ROFR Shares within two months from the date of the ROFR Notice (the last day of such period, the “**ROFR Cut-off Date**”), during the five-month period following the ROFR Cut-off Date, the Transferring Shareholder shall be entitled to Transfer all (and not less than all) of the ROFR Shares to the Buyer and no other party on terms (including price) not more favourable to the Buyer than the ROFR Terms, except that the Transferring Shareholder may provide representations, warranties, covenants and indemnities customary for such transfer to the Buyer.
- (c) The Third Party Purchaser Restriction shall apply.

11.7 ROFO and Right to Match Provisions applicable to NewCo

- (a) After the expiry of the Moratorium Period, except for a Permitted Transfer, an Approved Transfer, a Transfer pursuant to an IPO, or a Transfer pursuant to a Change in Control in accordance with Article 11.12, if NewCo is desirous of Transferring any Shares held by it to a third party purchaser (including any other Member), it shall give notice (the “**ROFO Notice**”) in writing to all the Major Shareholders (other than NewCo, if applicable) (the “**ROFO Transferees**”) of its intention to Transfer all (and not some only) of the Shares held by it (“**ROFO Shares**”) in cash, whereupon each ROFO Transferee shall have the right, but not the obligation, to send a written notice to NewCo containing:
 - (i) an offer to purchase all (and not some only) of the ROFO Shares in cash (the “**ROFO Offer**”); and
 - (ii) the price and other terms and conditions of the ROFO Offer (the “**ROFO Terms**”),within six months of the date of the ROFO Notice (such six-month period, the “**ROFO Period**”).
- (b) If:
 - (i) there is more than one ROFO Offer, then:

- (A) the Board shall, as soon as reasonably practicable (and in any event within 14 days after the expiry of the ROFO Period), determine, in good faith, which is the superior ROFO Offer (including in terms of price) and give notice in writing to the ROFO Transferees who made such ROFO Offers and NewCo specifying the prevailing ROFO Transferee and the details (including the price) of such superior ROFO Offer, or if the Board determines that the ROFO Offers are identical in terms (including in terms of price), the details (including the price) of such identical ROFO Offers (such notice, the “**Determination Notice**”); and

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (B) thereafter, NewCo shall be entitled (but not obliged) to accept the superior ROFO Offer or the identical ROFO Offers (as the case may be) within the Specified Period after the date of the Determination Notice by sending a written notice to the relevant ROFO Transferee(s) indicating whether NewCo accepts or declines its/their ROFO Offer(s) (the “**ROFO Response Notice**”). If NewCo does not provide a response within the Specified Period after the date of the Determination Notice, it shall be deemed to have declined the ROFO Offer(s); or
 - (ii) there is only one ROFO Offer, NewCo shall be entitled (but not obliged) to accept such ROFO Offer within the Specified Period after the expiry of the ROFO Period by sending the ROFO Response Notice to the relevant ROFO Transferee indicating whether NewCo accepts or declines the ROFO Offer. If NewCo does not provide a response within the Specified Period after the expiry of the ROFO Period, it shall be deemed to have declined the ROFO Offer.
- (c) If there is more than one ROFO Offer and the Board determines in the Determination Notice that there is no superior ROFO Offer, and if NewCo accepts such ROFO Offers, the ROFO Shares shall be apportioned among the relevant ROFO Transferees on a basis which is *pro rata* their Shareholding Percentage *inter se* (relative to each other) in the manner set out in Article 11.8.
- (d) Completion of the sale and purchase of the ROFO Shares to the ROFO Transferee(s) shall take place on the first Business Day falling 35 days immediately after the date of the ROFO Response Notice (the “**ROFO Completion Date**”).
- (e) In the event that a ROFO Offer is accepted by NewCo, but the ROFO Transferee in question fails to complete the acquisition of all, or (if applicable) its *pro-rata* apportionment of, the ROFO Shares on the ROFO Completion Date for any reason (other than a breach by NewCo), NewCo shall have the right (but not the obligation) to Transfer all (and not less than all) the ROFO Shares, or such *pro-rata* apportionment thereof, free of restriction (subject to Article 11.7(j), if applicable), during the five-month period following the ROFO Completion Date, without prejudice to any claim NewCo may have against the relevant ROFO Transferee.
- (f) Notwithstanding any provision in these Articles to the contrary, any ROFO Transferee may procure a third party to purchase all of the relevant number of ROFO Shares from NewCo in place of the ROFO Transferee in question on the ROFO Terms.
- (g) The Third Party Purchaser Restriction shall apply.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

(h) *Where NewCo is not the Single Largest Shareholder*

Where NewCo is not the Single Largest Shareholder as at the date of the ROFO Notice:

(i) if NewCo declines or is deemed to have declined the ROFO Offer(s), NewCo shall have the right (but not the obligation) to Transfer all (and not less than all) of the ROFO Shares to a third party (the “**ROFO Buyer**”), at any time during the five-month period after the earlier of:

(A) the expiry of the Specified Period following (A) the ROFO Period (if there is only one ROFO Offer) or (B) the Determination Notice (if there is more than one ROFO Offer); and

(B) the date on which NewCo has declined or is deemed to have declined all of the ROFO Offer(s),

on terms not more favourable to the ROFO Buyer than the ROFO Terms (or, if there are more than one set of ROFO Terms, the ROFO Terms that are superior, as determined by the Board), except that NewCo may provide representations, warranties, covenants and indemnities customary for such Transfer to the ROFO Buyer.

(ii) If no ROFO Transferee makes a ROFO Offer, NewCo shall have the right (but not the obligation) to Transfer all (and not less than all) of the ROFO Shares, at any time during the five-month period after the expiry of the ROFO Period, on any terms.

(iii) The Third Party Purchaser Restriction shall apply.

(i) *Where NewCo is the Single Largest Shareholder*

Where NewCo is the Single Largest Shareholder as at the date of the ROFO Notice, if:

(i) NewCo declines or is deemed to have declined the ROFO Offer(s) or if any ROFO Offer fails to complete for any reason; or

(ii) no ROFO Transferee makes a ROFO Offer,

then Article 11.7(j) shall apply.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

(j) *Right to Match*

Subject to compliance with the foregoing provisions of this Article 11.7 by NewCo, the provisions of this Article 11.7(j) shall apply if NewCo is the Single Largest Shareholder as at the date of the ROFO Notice and (x) NewCo has declined or is deemed to have declined the ROFO Offer(s), (y) any ROFO Offer fails to complete for any reason or (z) no ROFO Transferee has made a ROFO Offer.

(i) NewCo Controlling Shares

(A) NewCo shall give written notice (the “**Right to Match Notice**”) to the Major Shareholders (other than NewCo and the Right to Match Buyer, if it is a Major Shareholder) (the “**Right to Match Transferees**”) of its intention to Transfer all (and not some only) of the ROFO Shares held by it (being all (and not some only) of the Shares held by it) to a third party purchaser (including any other Member) (the “**Right to Match Buyer**”), which notice shall be accompanied by an offer from the Right to Match Buyer and shall specify:

(I) the total number of ROFO Shares held by NewCo as at the date of the Right to Match Notice;

(II) the identity of the Right to Match Buyer; and

(III) the price (which shall be in cash) and other terms and conditions of the transaction (the “**Right to Match Terms**”), which in the event of NewCo having declined or been deemed to decline the ROFO Offer(s), shall be on terms (including price) not more favourable to the Right to Match Buyer than the ROFO Terms (or, if there are more than one set of ROFO Terms, the ROFO Terms that are superior, as determined by the Board), except that NewCo may provide representations, warranties, covenants and indemnities customary for such transfer to the Right to Match Buyer,

whereupon the Right to Match Transferees shall have the right but not the obligation to, within two months from the date of the Right to Match Notice, apply to purchase all (and not less than all) of the NewCo Controlling Shares in cash on the Right to Match Terms by notice in writing to NewCo (the “**Right to Match Acceptance Notice**”). If more than one Right to Match Transferee issues a Right to Match Acceptance Notice, the NewCo Controlling Shares shall be apportioned among the relevant Right to Match Transferees on a basis which is *pro rata* their relative Shareholding Percentage *inter se* (relative to each other) in the manner set out in Article 11.8. Completion of the sale and purchase of the NewCo Controlling Shares to the Right to Match Transferee(s) shall take place on the Business Day falling 35 days from the Right to Match Cut-off Date (the date of such completion, the “**NewCo Controlling Shares Completion Date**”).

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (B) If none of the Right to Match Transferees have applied to purchase the NewCo Controlling Shares within the two-month period from the date of the Right to Match Notice (the last day of such period, the “**Right to Match Cut-off Date**”), then at any time during the one-month period following the Right to Match Cut-off Date, NewCo shall have the right (but not the obligation) to Transfer all (and not less than all) of the NewCo Controlling Shares to the Right to Match Buyer (and no one else) on terms not more favourable to the Right to Match Buyer than the Right to Match Terms.
 - (C) Notwithstanding any provision in these Articles to the contrary, any Right to Match Transferee may procure a third party to purchase all of the relevant number of NewCo Controlling Shares from NewCo in place of the Right to Match Transferee in question on the Right to Match Terms.
 - (D) In the event that, a Right to Match Acceptance Notice is issued by any Right to Match Transferee, but such Right to Match Transferee fails to complete the acquisition of all, or (if applicable) its *pro-rata* apportionment of, the NewCo Controlling Shares on the NewCo Controlling Shares Completion Date for any reason (other than a breach by NewCo), NewCo shall have the right (but not the obligation) to Transfer all (and not less than all) of the NewCo Controlling Shares, or such *pro-rata* apportionment thereof, to the Right to Match Buyer (and no one else), on the Right to Match Terms, during the five-month period following the NewCo Controlling Shares Completion Date.
 - (E) The Third Party Purchaser Restriction shall apply.
- (ii) NewCo Remaining Shares
- (A) In the event that NewCo had declined or was deemed to have declined the ROFO Offer(s), NewCo shall have the right to Transfer all (and not less than all) of the NewCo Remaining Shares to the Right to Match Buyer on terms not more favourable to the Right to Match Buyer than the ROFO Terms (or, if there is more than one set of ROFO Terms, the ROFO Terms that are superior, as determined by the Board), except that NewCo may provide representations, warranties, covenants and indemnities customary for such transfer to the Right to Match Buyer.
 - (B) In the event that (I) no ROFO Transferee had made a ROFO Offer or (II) a ROFO Offer is accepted by NewCo, but the ROFO Transferee in question fails to complete the acquisition of all, or (if applicable) its *pro-rata* apportionment of, the ROFO Shares on the ROFO Completion Date for any reason (other than a breach by NewCo), NewCo shall have the right (but not the obligation) to Transfer all (and not less than all) of the NewCo Remaining Shares, or such *pro-rata* apportionment thereof, to the Right to Match Buyer (and no one else), at any time during the five-month period after the Right to Match Cut-off Date, on any terms.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (C) The Third Party Purchaser Restriction shall apply.
- (D) For the avoidance of doubt, (I) in the event that any of the Right to Match Transferees issues a Right to Match Acceptance Notice, completion of the sale and purchase of the NewCo Controlling Shares by NewCo to such Right to Match Transferee shall be conditional upon the completion of the sale and purchase of the NewCo Remaining Shares by NewCo to the Right to Match Buyer (and vice versa), given that such Transfer by NewCo must be for all (and not less than all) of the ROFO Shares held by NewCo, and (II) in the event that no Right to Match Transferee issues a Right to Match Acceptance Notice, completion of the sale and purchase of the NewCo Controlling Shares by NewCo to the Right to Match Buyer shall be conditional upon completion of the sale and purchase of the NewCo Remaining Shares by NewCo to the Right to Match Buyer (and vice versa), given that such Transfer by NewCo must be for all (and not less than all) of the ROFO Shares held by NewCo.

11.8 Apportionment amongst Transferees

- (a) In the event there is any apportionment among the relevant ROFR Transferees or the relevant ROFO Transferees on a basis which is *pro rata* their relative Shareholding Percentage *inter se* (relative to each other) pursuant to Article 11.6 or Article 11.7, as the case may be, fractions of ROFR Shares or ROFO Shares, as the case may be, shall not be Transferred to the ROFR Transferees or the ROFO Transferees, as the case may be, and the number of ROFR Shares or ROFO Shares Transferred shall be rounded to the nearest whole number.
- (b) In the event that there is any apportionment among the relevant Right to Match Transferees on a basis which is *pro rata* their relative Shareholding Percentage *inter se* (relative to each other) pursuant to Article 11.7, fractions of ROFO Shares will not be Transferred to the Right to Match Transferees and the number of ROFO Shares Transferred to the relevant Right to Match Transferee holding the highest number of Shares shall be rounded up to the nearest whole number, while the number of ROFO Shares Transferred to the relevant Right to Match Transferees holding the lower number of Shares shall be rounded down to the nearest whole number.

11.9 Sale to a third party after expiry of the Moratorium Period

After the expiry of the Moratorium Period, if NewCo desires to sell all (and not some only) of the Shares held by it to any person(s) (who shall not be subject to the Third Party Purchaser Restriction), the Members which are part of the Senior Management of the Target or which have shareholders who are part of the Senior Management of the Target shall (and shall assist and use their reasonable endeavours to procure that the Target and the rest of the Senior Management of the Target shall), if and when requested by NewCo, use their reasonable endeavours to assist NewCo in connection with the sale of NewCo's Shares, including but not limited to:

- (a) ensuring that all relevant materials are made available for due diligence by any potential third party purchaser(s);
- (b) responding to questions and requests for information and documents by any potential third party purchaser(s) for the purposes of due diligence; and

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (c) preparing and providing management presentations to any potential third party purchaser(s).

11.10 Tag-Along Rights

- (a) In the event that:
 - (i) the Controlling Transferring Shareholder; or
 - (ii) NSIPL, where it has a Shareholding Percentage of at least 20 per cent. or more at the date of the ROFR Notice and at least one of its shareholders holds or has held a Senior Management position in the Group at any time within the 12-month period ending on the date of the ROFR Notice,

(in each case, the “**Tag-Along Seller**”), after having first complied with the provisions of Article 11.6, desires to sell all (and not some only) of the Shares held by it to a third party purchaser (the “**Tag-Along Purchaser**”), it shall give notice in writing (the “**Tag-Along Notice**”) to the other Qualifying Shareholders of such desire.

- (b) The Tag-Along Notice shall specify:
 - (i) the name of the Tag-Along Purchaser;
 - (ii) the total number of Shares proposed to be Transferred (“**Tag-Along Shares**”); and
 - (iii) the price and other terms and conditions of such transfer,

and include an offer (the “**Tag-Along Offer**”), dated the date of the Tag-Along Notice, by the Tag-Along Purchaser to purchase from the other Qualifying Shareholders (on terms no less favourable to such Qualifying Shareholders as the terms available to the Controlling Transferring Shareholder or NSIPL (as the case may be)) all (and not some only) of the Shares held by such Qualifying Shareholders in cash.

- (c) Each of the other Qualifying Shareholders (if it so desires) may accept the Tag-Along Offer made to it by serving on the Tag-Along Purchaser (with a copy to the Tag-Along Seller) notice in writing of its acceptance (the “**Tag Acceptance Notice**”) within 21 days of the date of the Tag-Along Offer (the “**Tag Acceptance Period**”).
- (d) If any of the other Qualifying Shareholders accepts the Tag-Along Offer (each, a “**Tag Participating Shareholder**”) before the expiry of the Tag Acceptance Period, completion of the sale and purchase of all (and not some only) of the Shares held and to be sold by the Tag Participating Shareholder(s) (the “**Tag Participating Shareholders Shares**”) shall take place within the 35-day period following the expiry of the Tag Acceptance Period at such place and on such date within the said 35-day period as the Tag-Along Seller and the Tag-Along Purchaser shall agree and notify in writing by the Tag-Along Seller to the Tag Participating Shareholders.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (e) Upon receipt of any Tag Acceptance Notice, a contract for the sale and purchase of the relevant Tag Participating Shareholders Shares shall arise as between the relevant Tag Participating Shareholder and the Tag-Along Purchaser. Pursuant to such contract:
 - (i) the relevant Tag Participating Shareholder shall be bound to sell; and
 - (ii) the relevant Tag-Along Purchaser shall be bound to purchase,all the relevant Tag Participating Shareholders Shares on the terms set out in the relevant Tag-Along Offer. The Tag-Along Seller shall not be a party to, and shall not have any obligation under, any such contract (including, for the avoidance of doubt, any obligation to ensure the performance by either or both parties to such contract).
- (f) Subject to the Tag-Along Seller having complied with its obligations to procure the Tag-Along Purchaser to make the Tag-Along Offer to the other Qualifying Shareholders in accordance with this Article 11.10, the Tag-Along Seller shall be entitled to Transfer the Tag-Along Shares held by it to the Tag-Along Purchaser on the terms set out in the Tag-Along Notice.
- (g) The Third Party Purchaser Restriction shall apply.

11.11 Drag-Along Rights

- (a) In the event that all the Major Shareholders at the relevant time desire to Transfer all (and not some only) of the Shares held by them to a third party purchaser (the “**Drag-Along Purchaser**”) in one or a series of transactions, the Major Shareholders may, collectively, by notice in writing (the “**Drag-Along Notice**”) to the other Members (the “**Dragged-Along Shareholders**” and each, a “**Dragged-Along Shareholder**”), require each Dragged-Along Shareholder to Transfer all (and not some only) of the Shares held by it to the Drag-Along Purchaser, on terms no less favourable to such other Members as the terms available to the Major Shareholders.
- (b) Completion of the sale and purchase of the Shares held by the Major Shareholders and completion of the sale and purchase of the Shares held by the Dragged-Along Shareholders shall take place within 35 days of the Drag-Along Notice at such place and on such date within such 35-day period as the Major Shareholders and Drag-Along Purchaser shall agree and notify in writing by the Major Shareholders to the Dragged-Along Shareholders.
- (c) If for any reason, a Dragged-Along Shareholder fails to Transfer all its Shares to the Drag-Along Purchaser on completion in accordance with Article 11.11(b), any Director shall be deemed to have been appointed attorney of such Dragged-Along Shareholder with full power to execute, complete and deliver, in the name and on behalf of the Dragged-Along Shareholder, transfers of all (and not some only) of the Shares held by the Dragged-Along Shareholder to the Drag-Along Purchaser against payment of the purchase price for such Shares to the Company. On payment of the purchase price to the Company, the Drag-Along Purchaser shall be deemed to have obtained a good quittance for such payment and, on execution and

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

delivery of the transfer of the said Shares held by the Dragged-Along Shareholder, the Drag-Along Purchaser shall be entitled to insist upon its name being entered in the Register of Members as the holder by transfer of the said Shares. The Drag-Along Purchaser shall procure that the Company shall forthwith pay the purchase price into a separate bank account in the Company's name and shall hold such purchase price in trust for the Dragged-Along Shareholder in question.

11.12 Change in Control

(a) *Change in Control Transaction*

- (i) No Member shall suffer or permit a Change in Control. If a Member suffers or permits a Change in Control, in addition and without prejudice to all other rights that the Major Shareholders (other than such Member (if it is a Major Shareholder)) (the “**Non-Defaulting Major Shareholders**”) may have (including for breach of these Articles), the following provisions of this Article 11.12 shall apply. If any Member shall become aware of any agreement, offer or proposal (whether or not it is a party) (“**Change in Control Transaction**”) which, has resulted in, or, if effected, will or is likely to result in it suffering or permitting a Change in Control, it shall forthwith:

- (A) give written notice of such Change in Control Transaction (“**Change in Control Notice**”) to the Non-Defaulting Major Shareholders, giving reasonable details of such Change in Control Transaction (including but not limited to:

- (I) the name of the new controller of the Change in Control Shareholder (and, where applicable, the name of the ultimate beneficial owner(s) of such new controller);
- (II) the number of Shares held or to be held by the Change in Control Shareholder (1) as at the date of the Change in Control Notice and (2) as at the date of completion of the Change in Control Transaction;
- (III) the number of shares in the capital of the Change in Control Shareholder proposed to be Transferred and/or issued (as the case may be) to such new controller pursuant to the Change in Control Transaction;
- (IV) the total number of shares in the capital of the Change in Control Shareholder immediately following such Transfer and/or issue (as the case may be);
- (V) the Change in Control Consideration and other terms and conditions of the Change in Control Transaction, where applicable;
- (VI) the Change in Control Consideration Value; and

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (VII) the date on which such Change in Control occurred, completed or came into effect, or is expected to occur, be completed or become effective); and
 - (B) provide to the Non-Defaulting Major Shareholders copies of all necessary documents evidencing the information set out in the Change in Control Notice.
- (ii) The Change in Control Shareholder shall be deemed to be a Transferring Shareholder, and the Change in Control Notice shall be deemed to be a ROFR Notice in respect of all (and not some only) of the Shares held by the Change in Control Shareholder, in each case, with effect from the later of (A) the date the Change in Control in question occurs, is completed or becomes effective (which date, the Change in Control Shareholder undertakes to give at least two Business Days prior notice thereof to the Non-Defaulting Major Shareholders) and (B) the date of the Change in Control Notice. Where a Member suffers or permits a Change in Control but no Change in Control Notice has been issued in accordance with Article 11.12(a)(i), any Non-Defaulting Major Shareholder or the Company may serve a notice in writing on such Change in Control Shareholder, the Company and the other Non-Defaulting Major Shareholders (a “**Default Notice**”) within 10 days of becoming aware of such Change in Control. The Default Notice shall be deemed to be a ROFR Notice (on behalf of the Change in Control Shareholder) in respect of all (and not some only) of the Shares held by the Change in Control Shareholder (which shall be deemed to be a Transferring Shareholder), with effect from the later of (A) the date the Change in Control in question occurs, is completed or becomes effective and (B) the date of the Default Notice.
- (iii) Upon deemed receipt of the ROFR Notice, all Non-Defaulting Major Shareholders shall be entitled, but not obliged, within six months from the date of deemed receipt of the ROFR Notice, to purchase the Shares held by the Change in Control Shareholder on a basis which is *pro rata* the relative Shareholding Percentage of the relevant Non-Defaulting Major Shareholders who exercise such right *inter se* (relative to each other) (such relative Shareholding Percentage of each Non-Defaulting Major Shareholder, the “**Deemed ROFR Shareholding Percentage**”).
- (iv) The provisions in Article 11.6 shall apply, *mutatis mutandis*, to such ROFR Notice, save as otherwise expressly provided in this Article 11.12. Without prejudice to the foregoing, the provisions in Article 11.6 shall not, in so far as it applies to this Article 11.12, exclude NewCo. Notwithstanding any provision to the contrary in Article 11.6, solely for the purposes of this Article 11.12:
- (A) all Non-Defaulting Major Shareholders shall be entitled, but not obliged, to purchase the Shares held by the Change in Control Shareholder (in accordance with Article 11.12(a)(iii)) within a six-month period from the date of deemed receipt of the ROFR Notice;

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- (B) the ROFR Cut-Off Date (as applicable to Article 11.6) shall (where applied to this Article 11.12) mean the date falling six months after the date of deemed receipt of the ROFR Notice by Non-Defaulting Major Shareholders (such date, the “**Change in Control Cut-Off Date**”); and
- (C) completion of the sale and purchase of the Shares held by the Change in Control Shareholder shall take place on the first Business Day falling 35 days immediately after the later of: (a) the Change in Control Cut-Off Date; and (b) the date of the Appointed Valuer’s Certificate (in the event Article 11.12(b)(i) applies).
- (v) The aggregate purchase price payable by each Non-Defaulting Major Shareholder to the Change in Control Shareholder for the relevant Shares shall be:
 - (A) in the event that the Change in Control occurs during the Moratorium Period:
 - (I) 80 per cent. of the Change in Control Consideration Value multiplied by the Deemed ROFR Shareholding Percentage of such Non-Defaulting Major Shareholder; or
 - (II) in the event that Article 11.12(b)(i) applies, 80 per cent. of the Prescribed Price multiplied by the number of Shares to be purchased by such Non-Defaulting Major Shareholder from the Change in Control Shareholder (based on the Deemed ROFR Shareholding Percentage of such Non-Defaulting Major Shareholder); or
 - (B) in the event that the Change in Control occurs after the Moratorium Period:
 - (I) the Change in Control Consideration Value multiplied by the Deemed ROFR Shareholding Percentage of such Non-Defaulting Major Shareholder; or
 - (II) in the event that Article 11.12(b)(i) applies, the Prescribed Price multiplied by the number of Shares to be purchased by such Non-Defaulting Major Shareholder from the Change in Control Shareholder (based on the Deemed ROFR Shareholding Percentage of such Non-Defaulting Major Shareholder).
- (vi) In the event that any Non-Defaulting Major Shareholder elects not to apply to purchase the Shares held by the Change in Control Shareholder pursuant to the deemed ROFR Notice, such Non-Defaulting Major Shareholder shall be entitled to a put option, being the right of such Non-Defaulting Major Shareholder to require the Change in Control Shareholder to acquire all (and not some only) of the Shares held by such Non-Defaulting Major Shareholder in cash. Each Non-Defaulting Major Shareholder shall be entitled to exercise such put

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

option by serving a written notice (the “**Put Option Notice**”) on the Change in Control Shareholder referring to this Article and stating that it requires the Change in Control Shareholder to purchase all (and not some only) of the Shares held by such Non-Defaulting Major Shareholder (the “**Put Option Shares**”) in cash. Upon service of the Put Option Notice, the relevant Non-Defaulting Major Shareholder hereby agrees to sell and the Change in Control Shareholder hereby agrees to purchase the Put Option Shares (A) free from any and all Encumbrances, save for any Encumbrances permitted by or created in accordance with these Articles and (B) together with all rights attaching to the Put Option Shares as at the date of completion of the sale and purchase of the Put Option Shares (“**Put Option Completion**”), and thereafter attaching thereto.

- (vii) The Put Option Completion shall take place on the earlier of: (A) such date as may be agreed in writing between the Non-Defaulting Major Shareholder and the Change in Control Shareholder and (B) the later of the first Business Day falling 14 days from (I) the date of the Put Option Notice or (II) the date of the Appointed Valuer’s Certificate (in the event that Article 11.12(b)(i) applies).
- (viii) The aggregate purchase price payable by the Change in Control Shareholder to each Non-Defaulting Major Shareholder in respect of its Put Option Shares shall be:
 - (A) in the event that the Change in Control occurs during the Moratorium Period:
 - (I) 120 per cent. of the Change in Control Consideration Value divided by the number of Shares held by the Change in Control Shareholder as at the date of completion of the Change in Control Transaction, multiplied by the relevant number of Put Option Shares; or
 - (II) in the event that Article 11.12(b)(i) applies, 120 per cent. of the Prescribed Price multiplied by the number of such Put Option Shares; or
 - (B) in the event that the Change in Control occurs after the Moratorium Period:
 - (I) the Change in Control Consideration Value divided by the number of Shares held by the Change in Control Shareholder as at the date of completion of the Change in Control Transaction, multiplied by the relevant number of Put Option Shares; or
 - (II) in the event that Article 11.12(b)(i) applies, the Prescribed Price multiplied by the number of such Put Option Shares.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

(b) *Prescribed Price*

- (i) In the event that (A) the Change in Control Shareholder fails to issue a Change in Control Notice, (B) the Change in Control Shareholder fails to notify the Non-Defaulting Major Shareholders of the Change in Control Consideration or Change in Control Consideration Value in the Change in Control Notice, (C) the Change in Control Consideration is not wholly in cash or (D) the Change in Control Consideration or the Change in Control Consideration Value is otherwise unable to be determined by the Non-Defaulting Major Shareholders with finality:
 - (I) the Non-Defaulting Major Shareholders shall be entitled to require the appointment of Deloitte & Touche LLP, PricewaterhouseCoopers LLP, Ernst & Young LLP or KPMG LLP (the “**Appointed Valuer**”), for the purpose of determining the Prescribed Price; and
 - (II) the Appointed Valuer shall be appointed by agreement in writing between the Non-Defaulting Major Shareholders and failing agreement, by the President for the time being of the Singapore Institute of Surveyors and Valuers.
- (ii) For the purpose of this Article 11.12, the “**Prescribed Price**” shall be the fair market value of each Share as at the date of the Change in Control Notice (or, failing which, the Default Notice) as determined by the Appointed Valuer. In so determining, the Appointed Valuer shall make the following assumptions or bases:
 - (A) that the Shares are the subject of an arm’s length sale between a willing vendor and a willing purchaser;
 - (B) that, if the Company shall at the time of such determination be carrying on business as a going concern, it would continue to do so; and
 - (C) that the Shares are capable of transfer without restriction,and so that if any difficulty shall arise in applying any of the foregoing assumptions or bases then such difficulty shall be resolved by the Appointed Valuer in such manner as it shall in its absolute discretion deem fit. The Appointed Valuer shall deliver its certificate (the “**Appointed Valuer’s Certificate**”) as to the Prescribed Price to the Change in Control Shareholder and all Non-Defaulting Major Shareholders (as the case may be) within a period of 35 days after the date of its appointment.
- (iii) The Appointed Valuer shall act hereunder in the determination of the Prescribed Price as expert and not as arbitrator and its determination shall be final and binding on all persons concerned and in the absence of fraud, the Appointed Valuer shall be under no liability to any such person by reason of its determination or certificate or by anything done or omitted to be done by them for the purposes thereof or in connection therewith.
- (iv) The aggregate fees, costs and expenses of the Appointed Valuer shall be borne by the Change in Control Shareholder.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

11.13 Financing and Anti-Dilution Rights

- (a) Save in relation to the Equity Line as referred to in Article 11.14, the Members agree that the financing requirements of the Group shall be met first from existing operational cashflows, followed by third party debt financing.
- (b) Each Qualifying Shareholder shall have the right (but not the obligation) to participate in any issue of Securities, pro-rata to its Shareholding Percentage (**"Pre-Emption Rights"**). In the event a Qualifying Shareholder fails to exercise its Pre-Emption Rights, the other Qualifying Shareholders shall have the right (but not the obligation) to subscribe for the unsubscribed Securities on a basis which is *pro rata* the relative Shareholding Percentage of the relevant Qualifying Shareholders who subscribe for the unsubscribed Securities *inter se* (relative to each other).
- (c) For the purposes of determining the issue price of such Securities, the valuation of the Company shall, subject to Articles 11.14(d) and 73, be determined by the Board at such time of issuance in its absolute discretion.
- (d) The Pre-Emption Rights shall not apply to any issue of Securities: (i) to NewCo and the shareholders of the Target on the Settlement Date in connection with the Scheme and (ii) pursuant to the Management Incentive Plan.

11.14 NewCo's Equity Line

- (a) NewCo shall provide a committed equity line to the Company (the **"Equity Line"**) of:
 - (i) up to S\$100 million between the Effective Date and the date falling 15 months from the Effective Date (the **"Step-Down Date"**); and
 - (ii) up to S\$50 million between the Step-Down Date and the date falling nine months from the Step-Down Date.
- (b) The Equity Line may be drawn down for potential acquisitions or investments for the Target Group after the Effective Date, subject to such acquisitions or investments being approved as a Reserved Matter in accordance with Article 73 (**"Approved Expansion Opportunity"**).
- (c) Without prejudice to the Pre-Emption Rights of the Qualifying Shareholders (other than NewCo), the amount of the Equity Line drawn-down for any Approved Expansion Opportunity shall be capitalised into new Shares to be issued to NewCo as fully paid-up at an issue price to be determined as follows:
 - (i) during the period commencing after the Effective Date up to (and including) 31 December 2020, the issue price per Share shall be S\$0.73 (the **"Initial Issue Price"**), subject to appropriate adjustments upward or downward from time to time as may be determined by the Board in good faith and acting reasonably in its sole discretion, in the event of any

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

subdivision or consolidation of Shares or other change in capital structure of the Company, so as to fairly reflect the up-to-date issue price per Share.

- (ii) after 31 December 2020, the issue price per Share shall be the higher of (I) the Initial Issue Price and (II) the issue price per Share computed in accordance with the formula set out below in this Article 11.14(c)(ii) (the **“Formula Issue Price”**), which Formula Issue Price shall be expressed in Singapore Dollars and calculated as follows:

Formula Issue Price per Share = $[(A \times (B - C) - (D - E)) + F]/G$,

where:

“A” means 15.6;

“B” means the 12M EBITDA of the Group;

“C” means the aggregate of the following amounts in respect of each of the Non-Wholly-Owned Subsidiaries:

- (A) the 12M EBITDA in relation to such Non-Wholly-Owned Subsidiary,
- (B) multiplied by (1 – the Effective Shareholding in such Non-Wholly-Owned Subsidiary);

“D” means the aggregate Net Debt of the Group as at the Reference Date, as reflected in or computed from the 12M Accounts in respect of the Group;

“E” means the aggregate of the following amounts in respect of each of the Non-Wholly-Owned Subsidiaries:

- (A) the Net Debt of such Non-Wholly-Owned Subsidiary as at the Reference Date, as reflected in or computed from the 12M Accounts in respect of such Non-Wholly-Owned Subsidiary,
- (B) multiplied by (1 – the Effective Shareholding in such Non-Wholly-Owned Subsidiary);

“F” means $(A \times H - J)$, where:

- (A) **“H”** means the aggregate of the following amounts in respect of each of the Minority Investments:
 - (I) the 12M EBITDA in relation to such Minority Investment,
 - (II) multiplied by the Effective Shareholding in such Minority Investment; and

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

(B) “J” means the aggregate of the following amounts in respect of each of the Minority Investments:

- (I) the Net Debt of such Minority Investment as at the Reference Date, as reflected in or computed from the 12M Accounts in respect of such Minority Investment,
- (II) multiplied by the Effective Shareholding in such Minority Investment; and

“G” means the total number of Shares immediately prior to the issuance of Shares to NewCo.

- (d) In the event that the Qualifying Shareholders (other than NewCo) exercise their Pre-Emption Rights where the drawn-down amount of the Equity Line is capitalised into new Shares to be issued to NewCo, the new Shares to be allotted and issued to the Qualifying Shareholders shall be allotted and issued at the same issue price and on the same terms as the new Shares which are allotted and issued to NewCo in accordance with Article 11.14(c).
- (e) For the avoidance of doubt, the Equity Line may be drawn-down for any Approved Expansion Opportunity, regardless of whether the Pre-Emption Rights of the Qualifying Shareholders (other than NewCo) are exercised.
- (f) In the event that NewCo subscribes for any additional Securities (other than in relation to (i) the allotment and issuance of new Shares to NewCo on the Settlement Date in connection with the Scheme and/or (ii) any Approved Expansion Opportunity), the committed amount under the Equity Line shall be correspondingly reduced by the amount injected by NewCo in such equity fundraising.

12. Transmission of Registered Shares

- 12.1 In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member’s interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 39 of the Law, for the purpose of this Article, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

- 12.2 Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or as near thereto as circumstances admit, of the following:

Transfer by a Person Becoming Entitled on Death/Bankruptcy
of a Member
PanAsia Health Limited (the “Company”)

I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased Member] to [number] share(s) standing in the Register of Members of the Company in the name of the said [name of deceased/bankrupt Member] instead of being registered myself/ourselves, elect to have [name of transferee] (the “Transferee”) registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the same were held at the time of the execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.

DATED this [date]
Signed by:

In the presence of:

Transferor

Witness

Transferee

Witness

- 12.3 On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before such Member’s death or bankruptcy, as the case may be.
- 12.4 Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

APPENDIX C – LETTER FROM THE OFFEROR TO THE HMI SHAREHOLDERS

13. Listed Shares

Notwithstanding anything to the contrary in these Articles, shares that are listed or admitted to trading on an approved stock exchange may be evidenced and transferred in accordance with the rules and regulations of such exchange.

ALTERATION OF SHARE CAPITAL

14. Power to Alter Capital

14.1 Subject to the Law, the Memorandum of Association of the Company and these Articles (including Article 73), the Company may from time to time alter the conditions of its Memorandum of Association to:

- (a) increase its capital by such sum divided into shares of such amounts as the resolution shall prescribe or, if the Company has shares without par value, increase its share capital by such number of shares without nominal or par value, or increase the aggregate consideration for which its shares may be issued, as it thinks expedient;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) convert all or any of its paid-up shares into stock, and reconvert that stock into paid-up shares of any denomination;
- (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum of Association; or
- (e) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled or, in the case of shares without par value, diminish the number of shares into which its capital is divided.

14.2 For the avoidance of doubt it is declared that Articles 14.1(b), (c) and (d) do not apply if at any time the shares of the Company have no par value.

14.3 Subject to the Law and Article 73, the Company may from time to time by Special Resolution reduce its share capital.

15. Variation of Rights Attaching to Shares

Subject to Article 73, if, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons (or in the event that there is only one Member, one person) at least holding or representing by proxy one-third of the issued shares of the class. The rights conferred upon the holders of the shares of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or series, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.